

Fraport AG

3Q 2025 Results Q&A Session

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Speakers:

Dr. Stefan Schulte – CEO

Dr. Matthias Zieschang – CFO

Christoph Nanke – SVP, Head of Finance & IR

Christoph Nanke

Welcome also from my side. First, I would like to apologise that the webcast this morning was off-boarding one hour late, so reducing our punctuality rate. But anyway, I do hope that you meanwhile had the chance to hear it, the presentation of our CEO, Stefan Schulte, and our CFO, Matthias Zieschang. They are both with me here at the table, and we can now directly jump into Q&A.

Operator

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 in 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 while asking a question. Anyone who has a question may press star and one at this time. The first question comes from the line of Elodie Rall from JPMorgan. Please go ahead.

Elodie Rall

Hi, good afternoon. Thanks for taking my questions. So my first question is on Capex. If you could remind us your latest expectation for 2026 and 2027. I think at the call at H1 you said that Capex in 2026 could be maybe around €800 million, max €900 million. And then for 27, we have in mind €650 million. So it'd be interesting and helpful if you could fine-tune then your expectation. And are you still expecting a step-down to €500 million of maintenance Capex from 27? And what is the envelope and timeframe for the refurbishment of Terminal Two? So that's my first question.

And my second question is on dividend. You said on your presentation on the webcast that there's a chance that it comes back as soon as this year. So what needs to happen? What size are we looking at? You previously had a payout ratio of 40% to 60%. Would it be a similar policy? Thanks very much.

Matthias Zieschang

I think it was the dividend.

Stefan Schulte

Let's start with the Capex.

Matthias Zieschang

I'll start with the Capex?

Matthias Zieschang

Yes, Capex, first of all, there is no final indication for next year, for 26 and 27, just an indication, and this is not new. So in this year, we are going to realise about €1.1 billion, and we reconfirm this number. In 26, it's about €900 million, and in 27, it's about €700 million as a first indication.

Maintenance Capex, €500 million, yes, also confirmation that this is more or less a sustainable number for the future. And regarding the phasing of T2, again, this is a lever, depending from the growth number of passengers here at Frankfurt Airport. So we can speed up, we can delay it. But based on our base case scenario, the Capex regarding T2 goes up in 29/2030.

Stefan Schulte

Regarding your second or third question, whatever it is, on dividends, I think Matthias as well as I gave you throughout the year, whenever we met always, and also on the annual meeting, the expectation that we are optimistic to start with dividend payments, or to restart with dividend payments in 2026 for 2025, if, and the big if was, if the year 2025 turns on a positive way regarding our EBITDA results and regarding that we have Capex under control, so that we are getting net debt very close, or free cash flow very close to zero.

I think we are on that move, so I'm optimistic that we can get back on restarting dividend payments in 2026 for 2025. But we still have to wait on the final quarter, whether especially the Capex is so far under control that we are coming close to break-even on free cash flow or slightly negative, and that we have a positive outlook for 2026, of course.

From today's point of view, I'm quite optimistic that this will work, but let's please wait for the final quarter. And then the official decisions and the decision on this

will be taken, latest, by the Supervisory Board in March. Payout ratio will be for sure less than 40% to 60% in the first year or the first two years. But mid-term, long term, we want to get back to 40% to 60%.

Elodie Rall

Thank you. Can I just ask on Capex, just a precision? You said Terminal Two goes until 29/30. So should we expect a level of €700 million of Capex between 27 and 2030, more or less, on average?

Matthias Zieschang

It can be. From today's perspective, the €700 million are more the maximum, could be even a little bit less than €700 million before we ramp up with Terminal Two.

Elodie Rall

Okay, thanks.

Operator

The next question comes from the line of Carlos Caburrasi from Kepler Cheuvreux. Please go ahead.

Carlos Caburrasi

Hi, everyone, and thank you for taking my questions. Yes, two on my side. First, on free cash flow and following up on what Stefan has just commented, you've always mentioned close to break-even in 2025. But can you maybe provide a range for your full year expectation? If I go back to 2018, the nine-month figure was €80 million free cash flow, and then the full year number stood at €7 million. Should we expect something similar in 2025?

And second, can you comment your expectations for Antalya during the rest of the decade? This year's performance has been weaker than what some analysts were expecting. And I was wondering if you could provide some visibility on EBITDA, net profit, by 2030. And additionally, could you also provide some visibility on the dividend payments coming from Antalya, especially considering the start of the second concession and the higher concession payments? Thank you.

Matthias Zieschang

Your first question regarding free cash flow, you could see our positive number in Q3, which was strong. But it must be strong, otherwise we cannot end up close to

break-even. And we still are convinced that we will end up close to break-even. And regarding then the indebtedness, this would lead to a situation that coming from €8.38 billion last year, we will end up in a range which is from today's perspective between €8.3 billion up to €8.4 billion for 25.

And then looking forward into the year 2026, free cash flow will be clearly positive. And we are using this in the case of dividends, to pay some dividends if the decision will be made, and second, to use the other proceeds to bring down the indebtedness of the group.

Stefan Schulte

Regarding Antalya, and thanks for your questions, Antalya is now in a difficult phase between Antalya old concession and Antalya new concession with some of the negotiations, and we see DHMI over there. So in principle, yes, this year was a little bit disappointing regarding traffic flows, but I know that a lot of activities started in Turkey, in Antalya, and we have seen already a very, very good October. It's just one month, but with a growth in October of 9%, that was very positive.

November-December are not any longer so important because the traffic numbers are still okay, but they are coming down, the high season is over, so we have to see what really the final number is on EBITDA. But roughly something about €40-50 million could be on EBITDA level for this year 2025, and then it should go up. But the real step-up will be from 2027 onwards, not earlier, because it's the in-between time, between the two concessions there.

Dividend payments we are not expecting for the next years as far as I'm informed. But maybe, Matthias, you have better numbers than I.

Matthias Zieschang

No, this is correct.

Stefan Schulte

That's correct, okay.

Florian Fuchs

Carlos, to be precise, that was referring to the new Antalya concession.

Carlos Caburrasi Okay.

Matthias Zieschang So we need to add the...

Stefan Schulte That twice. Yes.

Matthias Zieschang The current Antalya concession too.

Carlos Caburrasi Okay. Thank you.

Stefan Schulte So, Antalya II. The numbers I mentioned on the Antalya One numbers, do you have some? I don't know at the moment.

Matthias Zieschang Yes. Dividends, we guide for this year high double-digit, and we also expect more of the same next year.

Stefan Schulte Yes, okay.

Matthias Zieschang Up to €100 million.

Stefan Schulte Yes, sorry. It was not a consolidated number.

Carlos Caburrasi Okay, thank you.

Operator The next question comes from the line of Tobias Fromme from Bernstein. Please go ahead.

Tobias Fromme Hello. I have just one question on ground handling. The EBITDA margin was 16% in Q3. Adjusted, this is around 9%. When I compare this to the 13-plus per cent in Q3 2019, there's significant room for improvement. And now considering the reversal of the higher market share, which should go down to 90%, as you had said earlier, where do you see the annual EBITDA margin for ground handling settling? Is this around the 2019 level of 8.5%? And when would you expect to actually get there? Thank you.

Stefan Schulte Whether it's 8.5%, I don't know at the moment. It will be a little bit less, I think. But we expect a big increase on the EBITDA side in 2027 and 2028 due to contract negotiations with our main customers, or main customer. This contract negotiation started already. I think we will update you over the term of the next six, nine, 12 months, because that's the duration of the

actual contract. And it will not be an early, easy solution, so there are tough negotiations.

Tobias Fromme

Okay, thank you.

Operator

The next question comes from the line of Dario Maglione from BNP Paribas. Please go ahead.

Dario Maglione

Hi, good afternoon. Just one question, pulling up on what Elodie was asking about the Capex, just to make sure I understand. So the maintenance Capex, it's €500 million. But then you mentioned the €700 million long term. So yes, I just want to clearly understand what is the €700 million, how long for, whether it's a brick-and-mortar Capex or else includes the fixed concession payments and so on, just to be very clear. Thanks.

Matthias Zieschang

Just when we talk about Capex, we are focusing on brick-and-mortar Capex. Concessions payments would be on top of it. So first of all, we have now a ramp down, again, €1.1 billion this year, about €900 million next year and €700 million in the following year. And this includes still payments for Terminal Three. So from a technical perspective, the construction is ready, but nevertheless, there are residual works which have to be done.

And then you have always a lot of discussions between the construction companies on one side regarding the final builds. This takes time. In some cases, there is a settlement immediately after the finalisation of the work. Sometimes, it takes 12, even 18 months, and you always have some residual works which have to be realised.

And let me say, in the case of such a huge project, there is always a delay between the last payment on one side and the last construction works, in a range of 12, up to 18 months. And this means, looking forward again, the terminal is through, but there are still payments in 26. It can be up to €200 million.

This is always part of our total consideration of maximum €4.2-4.3 billion, which we already said,

including reserves, etc. And there will be no overrun of this number. So looking forward, if there would be €200 million further Capex in next year, this is part of the €4.2-4.3 billion total budget for T3.

And also looking into 27, in these €700 million, there are still in our financial plan some final payments, delayed payments, for Terminal Three. So with other words, the discrepancy between €700 million and €500 million are on-top elements. The €500 million is from today's perspective the maximum of maintenance Capex for all group assets in our portfolio, including Frankfurt, including all other assets.

Operator

The next question comes from the line of Andrew Lobbenberg from Barclays. Please go ahead.

Andrew Lobbenberg

Oh, hi there. Can you tell us a little bit about Terminal Three in the airlines? There was some talk, I think at the last quarter's presentation, that Condor and Turkish might move. But I think when the opening date was announced for T3, they were not included. So do you think you're going to get those over to T3 or not, or when will we know?

And a second question would be around Lima. And I think at the time of the deep dive, you told us that there were plans to introduce a connecting passenger fee that should be supportive to the airport charges, notwithstanding the existing regulatory structure of RPI minus three, I think, from memory, US RPI, I think.

I think the airlines are building up quite a big campaign against that connection fee. So how confident are you that it can come to pass? And then also, if we look at the... I think the retail revenue in this last quarter didn't seem to move a great deal in Lima. Is this a timing matter, or have we just not got enough space open yet in the new terminal? Thanks.

Stefan Schulte

I'll start with the question on Terminal Three. You're absolutely right, we will start on 23rd April, and then over

four waves, up to the summer holidays, will move all airlines out of Terminal Two in a first step to Terminal Three. So that's excluding Condor, it's excluding Turkish Airlines or it's excluding any other airline out of Terminal One.

Thereafter, one or the other airline was mentioned, maybe Condor, could move to Terminal Three, but that's too early at the moment. Discussions are ongoing. We will see. But I can't confirm it today. If at all, it would be from 2007 onwards. It would make a lot of sense for Condor, also for us. But still, discussions are ongoing.

Regarding Lima, yes, you are right that we have the right, by the concession contract, for a connecting passenger fee. There is a big debate about that, started by the airlines, and we're in discussions with the concession guarantor which way it could be introduced or is there another way to be introduced.

Whether it's starting end of the year, we have to see. It's open at the moment. The discussions are ongoing. And we will keep you updated as soon as we know which way it's going ahead. Whether it's this connecting passenger fee or whether it's recalculated into the normal fees, we have to see which way and what the solution at the end is. But we are in discussions there with the guarantor of the concession, so with the state.

On retail, in my opinion, it's just the normal work to get now the passenger streams and the shops. And to optimise all the streams will take some time. That's normal with a new terminal to adapt the one or the other topic. But we are quite optimistic there, and also in discussions with the duty-free operator and so on, that we should see further growth over the next years.

Andrew Lobbenberg

Okay.

Matthias Zieschang

And you have to see, when you're looking on the EBITDA contribution from Lima, we have three drivers or three levers. On one side, it's at the moment the number of

passengers which is temporarily reduced by the refurbishment of the old runway. So this leads to a temporary limitation of movements. That's the reason why we have now a small reduction of passenger number. This will go into strong positive numbers at the beginning of next year.

So second, of course, we have the US dollar impact, because the most valuable passengers are the Americans flying into Lima to stay in Peru or using Lima Airport as a stopover location for other destinations. And looking just on the retail numbers, they are very good, but again spoiled by a little bit temporarily reduced passenger numbers on one side and the US dollar negative impact on the other side.

Andrew Lobbenberg

Okay.

Matthias Zieschang

And higher Opex due to the opening of the terminal, of course, compared to the old terminal.

Operator

The next question comes from the line of Graham Hunt from Jefferies. Please go ahead.

Graham Hunt

Yes, thanks. I've got two questions, please. Firstly, on T3 commissioning next year, could you give us any sense of how you see the cost developing there in terms of the impact on group EBITDA? I think you've spoken in the past to a more stable development as we saw or as we see overlap between T2 coming offline and T3 coming offline. Online, sorry. So any updated view there in terms of the cost of commissioning would be helpful.

And then second question just on your payout ratio. I just wanted to understand if EPS payout was the only approach you would take to shareholder distributions, or if you would consider a different policy, just given non-cash charges are stepping up significantly from next year. I just wanted to understand your thinking there around still tying that to earnings. Thank you.

Matthias Zieschang

T3, as always mentioned, the Opex is higher than T2 because it's a huge terminal. It's more than twice as

capacity compared to Terminal Two. So the the Opex increase is a double-digit million amount per annum compared to the status quo, on one side, but on the other side, of course, then the headroom for growth when the passengers are kicking in, so to say, in this enhanced capacity.

Stefan Schulte

On dividends, if I got your question correct, we first focus on the first dividend payment, on restarting the dividend payments, then we'll see how the business is developing. But it will be in the first year for sure focusing on EPS, so on the results, the net results, on dividend payments, because we also have to and want to bring down somewhere the debt.

And there are no plans from today's perspective for the next two, three, four years to make any shareholder repayments or something else, but it will be focused on dividend payments at least for the next two, three, four years.

Graham Hunt

Thank you.

Operator

As a reminder, if you wish to register for a question, please press star and one on your telephone. The next question comes from the line of Ashish Khetan from Citigroup. Please go ahead.

Ashish Khetan

Hello, everyone. Thanks for taking my question. I just wanted to understand if you can provide any initial thoughts about traffic growth for 2026. And secondly, how do you expect the retail revenue to grow? Thank you.

Stefan Schulte

It's too early, to be quite honest. We get, as normal, these days positive signals, especially from our main customer, Lufthansa, but also from Condor, they are the two biggest customers here in Frankfurt, that they would probably see a bigger growth rate than this year.

But to be quite honest, that's too early in those discussions, and we will give you the guidance then beginning of next year. From today's point of view, I'm

optimistic that we'll see in Frankfurt a stronger growth. But whatever it means, that's too early. I'm too long in that business, having seen too many signals.

Matthias Zieschang

Regarding retail, looking forward, so we have the positive impact from Terminal Three, with its huge and nice retail marketplace. And as we said in the past, we expect an increase in the spend per pax of these passengers moving from Terminal Two to Terminal Three of about 50%.

And just as a reminder, the spend per pax in the moment in T2 is above €3, not because the retail space is great, it has to do with the value of the passengers which today we operate in Terminal Two. So we are talking about 10 million passengers moving from T2 to T3, full year effect in 27. And then the expectation is that they spend 50% more than this, what they've spent in the past in Terminal Two.

Ashish Khetan

Thank you.

Operator

The next question comes from the line of Harishankar Ramamoorthy from Deutsche Bank. Please go ahead.

Harishankar Ramamoorthy

Yes, hi, everyone. It's Hari from Deutsche Bank. Congrats on a good set of print, especially on the free cash flows. Just one quick question there. If I'm trying to build what your free cash flow might look like for 2026, maybe the starting point would be €200 million lower Capex, and then probably a €100 million more in EBITDA, going by what you indicated when you shared the plans for 2030 targets, a €100 million increment each year. So does this sound like a fair bridge from this year's FCF to next year's, or is there anything else that we need to bear in mind? Thank you.

Matthias Zieschang

First of all, it's absolutely correct to mention the €200 million reduction in Capex, which has a positive impact on the free cash flow. On the other side, EBITDA will be higher in 26 compared to 25. But today, it's too early to say what is the amount of the expected EBITDA. This we

will tell you then when we come with Q4 numbers. But the main driver, of course, are the €200 million Capex reduction which we are going to see in the next year.

Harishankar Ramamoorthy Thank you. And maybe just one more. On the 2030 targets on EBITDA, any colour from here on as to how that might evolve in terms of the mix from volumes and price and retail, and regulated versus unregulated?

Matthias Zieschang No. We always said about €2 billion, and this is stable. And you mentioned volume and fees. And exactly as you said, this is always... We have to find an equilibrium between the volume growth on one side and the fee escalation on the other side. This is a little bit an equilibrium in the pipeline.

Harishankar Ramamoorthy Understood. Thank you.

Operator The next question comes from the line of Nicolas Mora from Morgan Stanley. Please go ahead.

Nicolas Mora Yes, good afternoon, gentlemen. Just a couple, first on the cost side. You've done pretty great strides, especially in aviation, also to a lesser extent on ground handling. You see yourself being able to continue to, let's say, modestly outperform and compress especially the waste cost within aviation into the back end of the year and 26. Is there anything special you're thinking about implementing into next year? That would be the first question.

Second, coming back on Capex and thinking about this €700 million you've been talking about from 27, so implied, there's around €200 million sticky international Capex in there. So that must be, what? Half of it must be Greece, if I'm correct.

And I had a last one, yes, sorry. On T2, there seems to be a little bit of a disagreement with a few clients. As of today, with what you know from Lufthansa's growth plan, is the project canned, or is this still live but basically with no clear deadline? Just wanted to get a clear grip on whether or not this is still on or basically up

in the air. Thank you.

Stefan Schulte

If I get your question correct on staff cost, aviation, if this was the question, then we believe that the number of staff will be roughly stable. There will not be a big development on that. And on the price side, you should probably calculate plus 3%, plus 4%, something like this.

Also the hirings we have to do. For example, for ground handling, we are in that hiring process, but it will also be compared to the total number a small number. So we need maybe another 50 to 80 people, maybe 100 people because of Terminal Three. But we have an efficiency programme running against this.

So it's something in the air, 50 people, a price increase also 3%, 4%, 5%, something like this. In the lower level of staff, the price increase is normally higher than on the more higher paid people. That's something that I could give you as the best guidance at the moment for aviation and ground services.

Matthias Zieschang

And regarding Capex, again, we see and we calculate about €500 million for the whole group as a base Capex amount, like white noise. And there is no exact plan that's saying in three, four years, we are taking 70% for Frankfurt and 30% for the international activities.

This is more or less a budget which we have and which we are going to allocate to our assets. And having a good track record, what are the Capex maintenance requirements, we know that this is a sufficient amount also looking forward, including Greece and all other assets in our portfolio.

Nicolas Mora

But Matthias, on that international Capex, and especially Greece, you or the local management have been quoting the price over the past year now, talking up the Capex, the expansion, more runway investment and so on. Isn't there a step-up into 26, 27, 2029, or that's just within the overall envelope?

- Matthias Zieschang This is in the overall number as a part.
- Nicolas Mora Okay.
- Matthias Zieschang And when you look back, when we went to refurbish and expand the existing 14 airports, we had a total consideration of, I think, as far as I remember, €330 million for all 14 airports/terminals. So you see, the amounts in Greece to expand, they are relatively modest, and they are part of this big box.
- Nicolas Mora Okay. And last one, if I may, just on ground handling, I think, Stefan, you mentioned that the conversation with Lufthansa was difficult. Do you feel you're more confident, less confident than three months ago on the ability to keep the contract, to reprice it upwards?
- Stefan Schulte Yes, of course, we are confident. But I just tried to give you the signal that was clear. It will be a difficult discussion, a difficult negotiation, and such a difficult negotiation will take time. It's a huge price increase we need because of the inflation and the staff cost increases over the recent five, six, seven years.
- So that's not a negotiation with one glass of wine or whatever you want to call it. It will take time. And that's the reason I gave the indication that it will take six, nine, 12 months, but we'll keep you updated. But we are optimistic. We have to get through this.
- Operator As a reminder, if you wish to register for a question, please press star and one on your telephone. The next question comes from the line of Marcin Wojtal from Bank of America. Please go ahead.
- Marcin Wojtal Yes, good afternoon. A couple of questions. Firstly, considering the improved free cash flow, do you have any appetite to perhaps consider some new growth opportunities outside of Germany? I'm talking about potential acquisitions of new assets. Or there is nothing new on that front?
- And sorry to come back on Capex, and apologies if that

was already addressed, but could you just reconfirm, that €500 million of base maintenance that you've been indicating, does it include refurbishment of Terminal Two, or that would be on top? Thank you.

Stefan Schulte

I'll start regarding new concessions. There's nothing really on the table. I know from the market that airports in Egypt could come up. We would have at least a close look at this one, because it's an attractive market. But it's much too early, because we haven't seen anything on detail, we don't know which way they are going ahead. But Egypt is a very attractive market, especially on the tourist side, that's absolutely clear. But it's too early at the moment to say anything on that one.

And second question regarding Capex, the €500 million is a realistic/conservative number regarding all maintenance Capex requirements for all assets. Of course, T2 comes on top, but the total consideration for T2 is allocated for a period of up to six, seven years or eight years.

Marcin Wojtal

Thank you.

Operator

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

Christoph Nanke

So thanks, everybody, for participating, for your good questions. If there are any further questions, please give us a call later in IR. And yes, I wish everybody a good rest of the day. Thanks.

Stefan Schulte

Thank you.