

Fraport AG

1Q 2026 Results Analyst Presentation

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Speakers:

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Good morning, ladies and gentlemen, to our Q1 2026 Analyst Presentation. It has not been too long since we last spoke at our full-year 2025 publication in March, and yet there have been important developments in the past weeks, like our Terminal 3 opening in Frankfurt, that I want to focus on today.

But before going into our business update, I would like to mention that all our forward-looking statements in my presentation today, including for the financial outlook, are based on the assumption that there will be no jet fuel shortages throughout 2026.

We take this as our base case scenario, as we have no information regarding any potential shortages. Of course, I will go into further detail on the impacts that we see from the war in Iran later on, but before that, I would now like to start my presentation on slide number three with one of the biggest milestones in our company history, the opening of Terminal 3 on April 23rd.

We are very proud that with the inauguration two weeks ago, our major Capex program of the last decade has now finally come to an end on time and in budget. The transfer of the first airlines, mainly the Middle East carriers and the Chinese airlines, which are not part of the Star Alliance, has worked well, and the feedback that we are getting in the first weeks of operations is very positive, not just from the airlines but also from the passengers being handled in Terminal 3.

This is not only based on the efficient processes but also on an easy wayfinding as well as a retail offering in the central marketplace in the Non-Schengen area. All in all, we will transfer the airlines from Terminal 2 into Terminal 3 in four waves.

The second wave, which includes further Non-Schengen Carriers, has just started today. The entire transfer process will last until mid-June, so that the process will be over prior to the start of the summer holiday season.

You can find the detailed transfer plan of the airlines in the appendix of my presentation. This means that currently we are operating three terminals in Frankfurt, which is a temporary situation until the transfer of the airlines will be finalized.

Nevertheless, the three-terminal operation will have a slightly negative impact on the Q2 financials of up to EUR 10 million. In addition to that, T3 in general entails slightly higher Opex compared to Terminal 2. Here, we expect a low to mid-single-digit EUR 1 million amount per month. But we have not just made progress in Frankfurt.

On slide number four, you find an update on our international airports, starting with Lima, where the final expansion phase has been completed end of March. Now, all terminal

areas are operational, and the airport has a capacity to handle 40 million passengers a year.

We are very happy that our major capital airport now has a state-of-the-art terminal, a dual and independent runway system, and a brand-new control tower to offer its customers a high-quality travel experience.

Moving on to Burgas Airport in Bulgaria, which has been closed since November due to the runway refurbishment. Everything went very well here. All works have been completed on time and in budget, so that the airport has been reopened last week on May 1st as planned.

While '26 marks the final year of our current Antalya 1 concession, which will be taken over by Antalya 2 starting from 2027 this year, we will add Kalamata Airport in Greece and Jericoacoara in Brazil to our international portfolio.

In Greece, the team is now preparing the onboarding process, including for IT works and the familiarization of our employees. Overall, based on the first three months of the year and the current outlook for the summer season, we expect 2026 to be a positive year for our international airports.

Of course, as I said in the beginning, always subject to ongoing geopolitical developments and jet fuel availability. Now, moving on to my next slide, number five, where you find the traffic development of Frankfurt and all other group airports for Q1 '26 in blue and for March, standalone as the purple bar.

Frankfurt showed a robust growth rate of 2.3% in Q1 despite a negative impact from strikes and weather-related cancellations, which led to a reduction of around 170,000 passengers in the first three months of the year.

Adjusted for these effects, the increase would have been around 3.7% in Q1. Fraport Greece and Antalya showed solid traffic momentum of 8% and 5% in the off-peak season with some positive impact from the early Easter holidays, which this year already started end of March.

Looking at our remaining European airports, we are also happy to see such positive traffic development in Bulgaria with 16% growth in Q1 and in Slovenia with even 18% increase in passenger numbers. Both developments are driven by capacity additions at the airports.

In Brazil, there are two effects leading to the strong traffic momentum of plus 20%. In Porto Alegre, we see the impact from the full recovery on domestic trunk routes after the flooding in 2024 and the soft start to the year in 2025.

On the other hand, in Fortaleza, we also see double-digit growth rates driven by high seat load factors in general, as well as a successful addition of intercontinental flights to Europe. Overall, we recorded around 8% more passengers at our international airports in Q1 '26 compared to last year, and including for the Frankfurt passenger numbers, we saw an increase of 5%.

In total, we handled 28.6 million passengers in the first three months of the year, and we expect a positive development over the summer flight schedule, subject to further adjustments. On my next two slides, I would like to take a closer look on the Frankfurt traffic development being impacted by the current market developments and the geopolitical situation.

On slide six, I would like to start with the impact of the capacity adjustments as a reaction to the war in Iran. First of all, what we see is that only about one-third of the Middle East capacities that had been scheduled prior to the war is still flown.

In this context, passenger numbers on such routes were reduced by around 70% in March. As you know from our previous publication, our exposure to the Middle East is around 5%. In March, we therefore lost around 170,000 passengers.

On the other side, this reduction has been compensated by over-proportionally higher bookings on direct routes to the Far East, especially China, India, and Thailand, as well as Africa. Like this, also the seat load factor in Frankfurt increased by 3.3 percentage points to around 81% in March.

Moreover, a solid increase on other routes, especially driven by Condor, led to 100,000 or 2.1% more passengers in March. Adjusted for the negative impacts from the Lufthansa strike, March traffic numbers would have gone up by more than 3% even.

Now, coming to more recent developments and an outlook for the summer on slide number 7. Looking at the traffic development last month, so in April, Frankfurt was massively impacted by the six days of the Lufthansa strike, which led to a reduction in passenger numbers of around 500,000 or 9% on a monthly basis.

Due to the ongoing war in Iran, also the traffic to the Middle East was still heavily impacted by capacity adjustments, so that passenger numbers went down by around two-thirds. While I was speaking about the compensating effects in March on my previous slide, those were more limited in April, as Lufthansa was on strike for almost one week and has a market share of around one-third on Far East destinations and about 50% on African routes.

Therefore, I can already give you the indication today that the passenger numbers in Frankfurt in April '26 will see a reduction in the low double-digit percentage area. Looking into the summer from here, despite all the negative implications from airline capacity adjustments, jet fuel prices, as well as airspace restrictions in the Middle East, we still expect modest growth of seat capacities in Frankfurt based on currently available data.

In addition to that, increasing seat load factors may compensate for flight plan adjustments also during the summer months. Before mentioned capacity data already includes the grounding of LH CityLine, which marginally impacts Frankfurt as only four aircraft is based here, so that the impact will be less than 1%.

The grounding of old Lufthansa long-haul aircraft does not impact the summer flight capacities, as they will only be taken out later in the year. Of course, and I said this in the beginning, the outlook is subject to the availability of jet fuel.

With this, I would like to move on to our key financials of the first quarter on slide number 8. At EUR 882 million, revenues increased by around 2%. More importantly, the underlying revenues adjusted for IFRIC 12 increased by 5% to EUR 853 million.

Besides the traffic volumes at all group airports, price upward revisions, including for regulated charges, were driving the positive development. The even more accelerated EBITDA growth of 10% to EUR 196 million is proof of our cost control measures in the group, seeing Ground Handling to be the biggest EBITDA driver in the past quarter.

Due to higher D&A and interest expenses after the terminal opening in Lima in June '25, the group result is slightly more negative than in Q1 '25 at minus EUR 33 million. Our free cash flow in the past quarter improved by some EUR 44 million to minus EUR 309 million.

I will go into the details of the moving parts here in a minute. Looking at our key leverage ratio, we recorded a strong improvement to 5.9 times net debt to last 12 months EBITDA compared to 6.8 times in Q1 25.

Moving on to our cash flow and indebtedness situation on slide number nine. Coming from net debt of roughly EUR 8.2 billion at year-end '25, we now recorded some EUR 8.55 billion after the first three months of the year.

This development was driven by the negative free cash flow of EUR 309 million and some negative effects from the Euro devaluation of net debt positions of our international group airports, that is, Lima and Brazil.

Looking a bit closer at the free cash flow development, you see that we incurred an operational cash flow of just EUR 1 million due to a EUR 10 million higher variable

concession charge in Greece, which is always due in Q1 based on the EBITDA of the previous year.

On top of the working capital changes, also higher interest paid decreased the operational cash flow compared to Q1 '25. There was no material Capex increase in Brazil and only a EUR 20 million cash out in Lima coming from EUR 46 million in last year's Q1, showing the quick ramp down once coming to an end with the construction works.

This is what you also see with regards Terminal 3, for which we paid some EUR 62 million in the first quarter this year, compared to EUR 116 million in Q1 2025. Other Capex was primarily driven by other Frankfurt investments, however, this year also includes some EUR 15 million for the runway refurbishment in Burgas, among others.

All in all, brick and mortar Capex amounted to EUR 222 million, coming down by around 17%, which is in line with our full-year expectations. As already mentioned, despite the higher net debt, our net debt to last 12 months EBITDA, leverage ratio improved to below six, and also our Gearing ratio has come down by 17 percentage points to 164.

Now, taking a quick look at our liquidity position and repayment profile of our financial liabilities at the end of Q1, I am now on slide number 10. Due to the negative free cash flow, our liquidity position was coming down somewhat from around EUR 3.9 billion at year-end 2025 to EUR 3.65 billion by the end of Q1 2026.

Gross debt on the other side increased slightly to EUR 12.2 billion. As a result of the continued refinancing measures, our average cost of debt increased by 10 basis points to 3.4% at the end of Q1 compared to year-end 2025.

On the other side, we also make use of our available funds, which are currently showing an average yield of about 2.4% in Frankfurt. Coming to our segment reporting, starting with aviation on slide number 11. As you can see from the slide, we recorded a positive development of Total Revenues, which increased by some 4% to EUR 280 million in the off-peak quarter.

Starting from January 1st, we increased our regulated charges again by 3.9% on average based on the four-years agreement with the airlines. Those price increases, in combination with a positive passenger development and a slightly lower number of movements, led to a 6% increase in airport charges.

Based on price adjustments for security services, the respective revenues decreased slightly in Q1 without a negative bottom-line effect. On the cost side, we incurred a staff cost increase of around 5%, which is lower than last year, predominantly driven by

annualizing effects from last year's wage agreement that had come into effect as of April 2025.

Other Opex is well under control, only showing a slight increase of around 2%. Based on those effects, EBITDA increased to EUR 45 million and EBIT reached EUR 8 million. Overall, it was a solid start to the year in the off-peak season for our aviation segment, and we stick to our outlook for the full year.

On my next slide, you'll find the Q1 financial results of our Retail and Real Estate segment. Revenues increased slightly to EUR 126 million, especially due to 4% higher real estate revenues, which benefited from new rental contracts like for the newly constructed logistics hall for DHL.

Parking revenues in Q1 just increased by around 1%, but grew by 4% in March on a standalone basis due to price adjustments. Retail revenues are flat, while passenger numbers increased, which means that our spend per passenger decreased to EUR 3.33 from EUR 3.41 in Q1 '25.

The performance within retail activities still shows a mixed picture. While shopping continues to be weak due to FX effects and the reduction in high retail value customers from the Middle East, services and advertising perform well with EUR 0.10 and EUR 0.3 per passenger up.

Total Opex grows slightly by less than 5% due to a higher number of employees, wage increases annualizing and higher maintenance costs. Despite some headwinds, the segment EBITDA showed a growth to EUR 86 million, and also EBIT performed nicely, ending up at EUR 63 million.

Based on the current developments, we keep our guidance for the full year unchanged.

Moving on to our Ground Handling segment on slide number 14. While total segment revenues increased significantly by some 8% or EUR 15 million EUR, the revenues from ground handling services even grew by 10% based on price adjustments, volume effects, and increased market share.

On the cost side, we need to look at the individual line items. While staff cost increased by less than 7% based on wage increases from the latest bargaining agreement, as well as higher FTE numbers, other Opex decreased significantly by around 9%, driven by less external staff as well as lower maintenance costs.

Correspondingly, EBITDA and EBIT improved by EUR 12 million each to minus EUR 6 million and minus EUR 50 million, respectively. As you can see, the positive development

in the ground handling segment was predominantly driving the group's financial growth in the past quarter.

Looking ahead, we expect slightly more headwinds to come on the cost side after the opening of Terminal 3. Therefore, we stick to our guidance of a more or less flat EBITDA compared to full year 2025, despite a strong start to the year.

Last but not least, on slide 15, our International Activities and Services segment. First of all, Total Revenues decreased, which is a good sign as this is driven by IFRIC 12 revenues going down by roughly 50%, which reflects that now the construction works at Lima airport have come to an end.

The underlying revenues on the flip side increased by some 6%, despite headwinds from currency exchange rates, which have been overcompensated by the operational performance in Greece, Lima and Brazil, based on traffic development, aeronautical charges, and a positive commercial development.

The increase in personnel expenses can be explained by a higher number of employees in the Frankfurt services divisions, especially in the IT department, as well as wage increases, not only in Frankfurt, but also abroad.

Underlying other Opex increased due to higher variable concession charges and a higher need for third-party services, especially in Lima. Consequently, EBITDA turned out to go up slightly to EUR 70 million, while EBIT decreased significantly to breakeven due to a EUR 15 million higher D&A, mainly driven by annualizing effects from the new Lima terminal.

As I mentioned before, we expect a good summer season at our international airports and are therefore confident to achieve our financial targets for the year '26.

Now, coming to my last slide for today, our outlook on slide number 16. Following the development in the first quarter, we leave our guidance unchanged and stick to the full-year targets given in March.

As said at the beginning of my presentation, the outlook is based on the assumption that no fuel shortages will occur. To remind you of our targets: We expect around 188 to 195 million passengers for the entire group, while based on the latest developments, we assume to end up at the lower end of our guidance for Frankfurt of around 65 to 66 million passengers.

Based on those traffic volumes, we expect our EBITDA to increase to up to EUR 1.5 billion and our group results to decrease to EUR 300 million to EUR 400 million based on accounting effects impacting D&A and interest expenses following the terminal openings

in Lima and Frankfurt.

We also stick to the target to improve our leverage ratio compared to last year's 5.7 times net debt to EBITDA, and will propose a dividend of EUR 1 per share on the basis of the 2025 accounts to the AGM next week.

Having said this, ladies and gentlemen, I'd like to thank you for your attention and look forward to speak to you later today during our Q&A session.