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*moving people...*

**Business Report 2011**





# VISION

*Our commitment to service quality, remarkable efficiency and outstanding facilities make MIA a top airport in its class and a dynamic link to the world.*



*moving people...*

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**+6.5%**

increase in  
passenger  
movements  
in 2011

01

# INTRODUCTION



# KEY DATA

## Financial Indicators

The Group

	Financial Year 2011	Change in %	Financial Year 2010	Change in %	Financial Year 2009
<b>Financial Indicators (in € million)</b>					
Total turnover	52.43	2.1	51.34	10.5	46.45
Thereof Aviation	39.17	2.0	38.39	10.5	34.73
Thereof Non-Aviation	13.26	2.4	12.95	10.5	11.72
EBIT	19.82	8.8	18.22	18.2	15.41
EBIT margin in %	37.80	6.5	35.5	6.9	33.2
EBITDA	24.79	6.7	23.23	12.2	20.71
EBITDA margin in %	47.29	4.5	45.3	1.5	44.6
ROCE in %	11.41	61.1	7.08	22.7	5.77
Net Profit	11.91	11.4	10.69	20.9	8.84
Cash flow from operating activities	20.12	(0.7)	20.26	126.6	8.94
Equity	59.33	5.6	56.19	5.3	53.38
Balance sheet total	146.20	8.5	134.73	6.2	126.88
Capital Expenditure	2.71	(16.6)	3.25	(43.3)	5.73
Taxes on income	7.01	11.7	6.28	18.7	5.29
Average Employees for the year	344	(6.3)	367	(3.2)	379

## Industry Indicators

MTOW in million tonnes	2.32	(2.9)	2.39	9.1	2.19
Passengers in million	3.51	6.3	3.30	13.0	2.92
Thereof transfer passengers	3,931	(35.5)	6,091	34.7	4,523
Flight movements	28,022	(3.2)	28,936	10.0	26,305
Cargo in tonnes	14,883	(3.4)	15,407	(4.5)	16,134
Seat occupancy in %	76.00	7.3	70.8	2.0	69.4

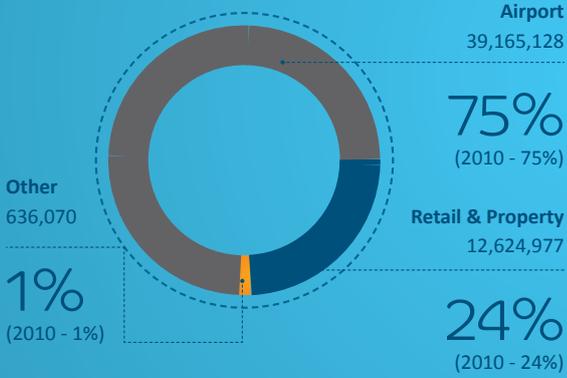
## Stock Market Indicators

Shares outstanding in million	135.30	0.0	135.3	**	67.65
P/E ratio	19.20	(8.6)	21.01	**	18.36
Earnings per share in €	0.088	11.4	0.079	**	0.131
Net Dividend per share in € *	0.070	7.7	0.065	**	0.1170
Net Dividend yield in %	4.142	5.8	3.916	**	4.875
Pay-out ratio as a % of net profit	79.53	(3.3)	82.26	**	89.51
Market capitalisation in € million	228.66	1.8	224.60	**	162.36
Stock price: high in €	1.85	11.4	1.66	**	2.50
Stock price: low in €	1.50	25.0	1.20	**	2.00
Stock price in €	1.69	1.8	1.66	**	2.40
Market weighting in %	8.39	23.2	6.81	**	3.59

\* Reporting year: recommendation to the Annual General Meeting

\*\* Stock Market Indicators for 2009 are based on 67,650,000 shares. Following the 2:1 share split on 1 June 2010, the indicators for 2010 and 2011 are based on 135,300,000 shares

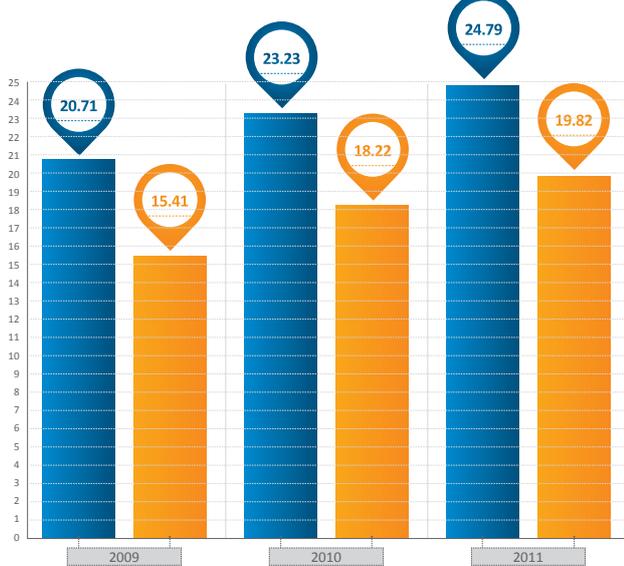
Revenue by Segment - 2011



EBIT by Segment in € million



EBITDA and EBIT in € million



Turnover in € million



MIA Share Price vs MSE Share Index

1 January 2011 - 31 December 2011



## Chairman's Message

For the second consecutive year, I am proud to be in a position to write the Foreword to this Business Report and Financial Statements. There is no doubt that thanks to the commitment of all concerned, the financial and operational results for 2011 are nothing short of remarkable.

For this Business Report, we decided to continue building on the 'Moving People' theme introduced last year. The airport business is all about people on the move, and in our case, Malta International Airport is the gateway connecting these islands to the outside world.

Leafing through this report, one can read about the investment and work carried out in 2011 as well as the commitment and energy with which these results have been obtained. But most of all, one can also get a sense of how we try to make our passengers feel welcomed and relaxed when they go through our airport.

I am proud of the work and achievements at Malta International Airport. The recent announcement of having once again ranked as 'Best European Airport' across all categories in the Airport Service Quality (ASQ) Survey by the Airports Council International (ACI) is a key indicator that we are really putting our passengers at the centre of our activity. It is indeed a case of knowing that the shareholders' investment is reaping the desired results, not only from the financial aspect, but also from an operational and reputational perspective.

Achieving the top European ranking last year was remarkable... clinching this honour for a second consecutive year is a tremendous accomplishment. Once again, I take this opportunity to show the Board's and my personal gratitude to the management and staff for making 'it' all happen. I urge them to continue striving for excellence, as it is one of the fundamental requisites for any business to succeed in this challenging economic environment.

I also have a special word of thanks for Julian Jaeger who for the most part of the period under review in this report was Chief Executive Officer. The results mentioned in this report are mostly due to his leadership and vision, and were only possible through the team managed by him.

## Messaġġ ta' Chairman

Ninsab kburi li għat-tieni sena konsekuttiva, qiegħed nikteb id-Daħla għal dan ir-Rapport Kummerċjali u Finanzjarju. M'hemm dubju li grazzi għall-impenn ta' dawk kollha kkonċernati, ir-riżultati finanzjarji u operattivi għall-2011 huma impressjonanti.

Għal dan ir-Rapport iddeċidejna li nkomplu nibnu fuq it-tema "Moving People" - tema li introduċejna fir-Rapport tas-sena li għaddiet. It-tħaddim ta' ajruport jiffoka fuq il-persuni li qed jivvjaġġaw, u fil-każ tagħna, l-Ajruport huwa wkoll il-bieb li jgħaqqad dawn il-gżejjer mal-kumpliment tad-dinja.

Meta wieħed iqalleb il-paġni ta' dan ir-Rapport, jista' jaqra dwar l-investiment u x-xogħol imwettaq fl-2011 u kif ukoll b'liema impenn u enerġija inkisbu dawn ir-riżultati. Iżda fuq kollox, wieħed jista' wkoll jikseb sens ta' kif aħna nippruvaw nagħmlu l-passiġġieri tagħna jhossuhom milqughin u rilassati meta jgħaddu mill-ajruport tagħna.

Verament sodisfatt bix-xogħol u l-kisbiet fl-Ajruport tagħna. L-aħbar riċenti li għal darb'ohra kklassifikajna bħala "L-Aqwa Ajruport fl-Ewropa" fost il-kategoriji kollha fl-istħarriġ fil-Kwalità tas-Servizz (Airport Service Quality - ASQ) tal-Airports Council International (ACI) hija sinjal ċar li verament qed inqiegħdu l-passiġġieri tagħna fil-qofol tal-attività tagħna. Huwa tabilhaqq il-każ kif wieħed ikun jaf li l-investiment tal-azzjonisti qiegħed jiskeb ir-riżultati mixtieqa, mhux biss mill-aspett finanzjarju, iżda wkoll minn perspettiva ta' ħidma u ta' reputazzjoni.

Li jintlaħaq l-oġġla *ranking* Ewropew huwa diġà riżultat eċċellenti... li dan l-unur jinkiseb sentejn fuq xulxin huwa formidabbli. Għal darb'ohra, nieħu din l-opportunità biex nesprimi l-gratitudni personali tiegħi u tal-Bord lill-*management* u l-impjegati kollha talli rnexxielhom jiksbu dan kollu. Inhegħiġhom biex jissoktaw bl-isforzi tagħhom għall-eċċellenza, peress li din hija fundamentali għal kwalunkwe negozju biex jirnexxi fl-ambjent ekonomiku ta' sfida li qegħdin fih.

Nixtieq intenni grazzi speċjali lil Julian Jaeger, li għall-parti l-kbira tal-perjodu kopert f'dan ir-rapport kien il-Kap Eżekuttiv tal-kumpanija. Ir-riżultati msemmija f'dan ir-rapport huma dovuti l-aktar għat-tmexxija u l-viżjoni tiegħu, u kienu possibbli permezz tat-tim immexxi minnu.

To conclude, the record year registered in 2011 on various fronts is a good omen for the future and notwithstanding the challenges ahead, I am confident that we have the necessary skills, energy and determination to continue making great inroads in our performance.

Biex nikkonkludi, is-sena rekord irreġistrata fl-2011 f'diversi oqsma ta' ħidma hija sinjal tajjeb għall-gejjieni u minkejja l-isfidi li ġejjin, ninsab fiduċjuż li għandna l-ħiliet, l-enerġija u d-determinazzjoni meħtieġa sabiex inkomplu nilhqu miri ġodda fil-ħidma tagħna.



**Andreas Schadenhofer**  
Chairman



## CEO's Review

It is indeed a pleasure and an honour for me in my first Review in this Business Report as CEO of the Group, to report on the record figures achieved both financially and operationally during 2011. This success did not come by effortlessly, and it is a credit to everyone within the Group, as well as our partners and stakeholders, that we are in a position to discuss a very positive year.

### Traffic

Passenger traffic at Malta International Airport increased by 6.5% over the record year figures of 2010. This achievement is more significant when one takes into consideration that the number of aircraft movements in 2011 was 3.2% less than in 2010 and that the total number of seats available was 0.9% less than 2010. Cargo figures were 4% less than the previous year.

### Financial Results

As a result of this increase in passenger traffic, revenue of the Group increased from €51.34 million to €52.43 million. The revenue from the Airport segment increased from €38.39 million to €39.20 million whilst the Retail and Property segment increased from €12.46 million to €12.62 million.

The Earnings before Interest, Taxation Depreciation and Amortization (EBITDA) of the Group increased by 6.72%; from €23.23 million to €24.79 million and the EBITDA margin increased from 45.25% to 47.28%. There was also a significant increase in profit before tax. Profit increased from €16.97 million to €18.92 million, an increase of 11.5%. Consequently, the net profit of the Group also increased from €10.69 to €11.91 million.

These results reflect the increased volume of traffic mentioned earlier but they also highlight the fact that the Group has a strong fixed cost base whereby any increase in revenue has a significant increase on the bottom line.

### Revenues

Revenues from the Airport segment constitute 74.7% of the total revenues of the Group. Aviation-related revenues remain the most important income stream of the Group notwithstanding the fact that the aviation charges for airlines have not changed since 2007.

The Retail and Property segment increased by 1.28%; from €12.46 million to €12.62 million. This segment suffered from loss of revenue due to the lack of flights to and from Libya during most of 2011. The revenues from the Retail and Property segment constitute 24.1% of the total revenue of the Group.

## Review tal-Kap Eżekuttiv

Huwa tabilhaqq pjaċir u unur għalija li fl-ewwel *Review* tiegħi għal dan ir-Rapport bħala Kap Eżekuttiv tal-Grupp, nirrapporta dwar iċ-ċifri rekord miksubin kemm finanzjarjament u kif ukoll operattivament matul l-2011. Dan is-suċċess ma seħħ b'kumbinazzjoni, u huwa grazzi għall-ħidma ta' kulhadd fi f'dan il-Grupp, u kif ukoll l-imsejbin tagħna u dawk kollha interessati, li qegħdin f'pożizzjoni li nħarsu lura lejn sena pożittiva hafna.

### Traffiku

In-numru ta' passiġġieri fl-Ajruport żdiedu b'6.5% fuq iċ-ċifra rekord tal-2010. Din il-kisba hija aktar sinifikanti meta wieħed iqis l-għadd ta' titjiriet fl-2011 kien 3.2% inqas mill-2010 u li n-numru totali ta' *seats* disponibbli kien 0.9% inqas mill-2010. Iċ-ċifri għall-cargo juru tnaqqis ta' 4% fuq is-sena ta' qabel.

### Riżultati Finanzjarji

Bħala riżultat ta' din iż-żieda fin-numru tal-passiġġieri, id-dhul tal-Grupp żdied minn €51.34 miljuni għal €52.43 miljuni. Id-dhul mis-segment tal-Ajruport żdied minn €38.39 miljuni għal €39.20 miljuni filwaqt li l-segment tar-*Retail & Property* żdied minn €12.46 miljuni għal €12.62 miljuni.

Il-Qliġh qabel l-Interessi, it-Tassazzjoni, id-Deprezzament u l-Ammortizzazzjoni (EBITDA) tal-Grupp żdied b'6.72%; minn €23.23 miljuni għal €24.79 miljuni u l-margni EBITDA żdied minn 45.25% għal 47.28%. Kien hemm ukoll zieda sinifikanti fil-profit qabel it-taxxa. Il-qliġh żdied minn €16.97 miljuni għal €18.92 miljuni – zieda ta' 11.5%. Konsegwentement, il-profit nett tal-Grupp żdied ukoll minn €10.69 miljuni għal €11.91 miljuni.

Dawn ir-riżultati jirriflettu l-volum akbar ta' traffiku imsemmi aktar qabel iżda jenfasizzaw ukoll il-fatt li l-Grupp għandu bażi soda fl-ispiza fissa fejn kwalunkwe zieda fid-dhul għandha zieda sinifikanti fuq il-*bottom line*.

### Dhul

Id-dhul mis-segment tal-Ajruport jikkostitwixxi 74.7% tad-dhul totali tal-Grupp. Id-dhul mill-attività relatata mal-avjazzjoni tibqa' l-*income stream* l-aktar importanti tal-Grupp minkejja l-fatt li t-tariffi tal-avjazzjoni għal-linji tal-ajru baqgħu ma nbidlux mill-2007.

Il-segment tar-*Retail & Property* żdied b'1.28%; minn €12.46 miljuni għal €12.62 miljuni. Dan is-segment sofra telf ta' dhul minhabba n-nuqqas ta' titjiriet minn u lejn il-Libja matul l-2011. Id-dhul mis-segment tar-*Retail & Property* jikkostitwixxi 24.1% tad-dhul totali tal-Grupp.

## Operating Costs

In general the operating costs of the Group were maintained at the 2010 level. Utility rates have remained stable and for 2011, the Group managed to marginally reduce the utility cost over that of 2010. There were also reductions in costs related to maintenance of building and fixed assets and in security.

Staff costs also decreased by 10.5% or €0.94 million mostly as a result of early retirement schemes initiated in previous years. However, a new retirement scheme was initiated in 2011 costing approximately €1 million, which charge is not classified as staff costs but forms part of the other operating expenses.

On the other hand there were significant increases in marketing costs which reflect the general trend of the aviation industry. In 2011, marketing costs went up from €1.96 million to €2.53 million. This shows the commitment the Group has towards attracting more traffic to Malta. We expect these costs to increase over the next financial years.

As regards non-operating costs and revenues, there were no significant changes in the depreciation charge, but there was an increase of €0.28 million in financial income.

## Investments made during the year

The Group concentrated its major investment efforts in the completion of the SkyParks Business Centre building. A total of €6.78 million was spent on this project during 2011, which together with the €2.84 million spent in 2010 brings the total investment in this building at 31st December 2011 to €9.61 million. It is estimated that the building will be open for business in the second quarter of 2012 and would require a further €8 million in investment to completion.

In line with the Group's diversification strategy, it is our intention to continue investing at Malta Airport and in Malta.

## Service Quality

Undoubtedly, the level of quality in the service we provide is crucial for us to keep building on our role as the first and last impression visitors and locals alike get of the Maltese Islands. For the second year running, Malta International Airport has ranked as the Best Airport in Europe in the ACI Airport Service Quality (ASQ) Survey.

## Spejjeż operattivi

B'mod ġenerali l-ispejjeż operattivi tal-Grupp inżammu fil-livell tal-2010. It-tariffi tad-dawl u l-ilma baqgħu stabbli u fl-2011, il-Grupp irnexxielu jnaqqas din l-ispiża b'mod marġinali fuq dik fl-2010. Kien hemm ukoll tnaqqis fl-ispejjeż relatati mal-manutenzjoni tal-bini, fl-assi fissi u fis-sigurtà.

L-ispejjeż relatati mal-impjegati naqsu wkoll b'10.5% jew €0.94 miljun, l-aktar b'rizultat tal-iskemi għal irtirar kmieni mibdiġin fis-snin li għaddew. Madankollu, fl-2011 kien hemm skema ġdida ta' rtirar kmieni u li swiet madwar €1 miljun; liema f'ħlas mhuwiex klassifikat b'ħala spiża tal-impjegati iżda jiffirma parti mill-ispejjeż operattivi oħrajn.

Min-naħa l-oħra kien hemm żidiet sinifikanti fl-ispejjeż tal-*marketing* li jirriflettu t-tendenza ġenerali tal-industrija tal-avjazzjoni. Fl-2011, l-ispejjeż tal-*marketing* żdiedu minn €1.96 miljuni għal €2.53 miljuni. Dan juri l-impenn tal-Grupp sabiex ikompli jattira aktar traffiku lejn Malta. Huwa mistenni li dawn l-ispejjeż relatati mal-*marketing* jżdiedu fis-snin finanzjarji li ġejjin.

F'dawk li huma spejjeż u dħul mhux operattivi, ma kienx hemm bidliet sinifikanti fl-ispiża tad-deprezzament, iżda kien hemm żieda ta' €0.28 miljun fid-dħul finanzjarju.

## Investimenti li saru matul is-sena

Il-Grupp ikkonċentra l-isforzi ewlenin tiegħu ta' investiment fit-tlestija tal-kostruzzjoni tal-iSkyParks Business Centre. Total ta' €6.78 miljuni ntefqu fuq dan il-proġett matul l-2011, li flimkien ma' in-nefqa ta' €2.84 miljuni fl-2010 jgħib l-investiment totali fuq dan il-bini fil-31 ta' Diċembru 2011 għal €9.61 miljuni. Huwa stmat li l-bini jkun inawgurat fit-tieni kwart tal-2012 u jkunu jehtieġu €8 miljuni f'aktar investiment sabiex ikun lest.

Skont l-istrategija ta' diversifikazzjoni tal-Grupp, hija l-intenzjoni tagħna li nkomplu ninvestu fl-ajruport ta' Malta u f'Malta.

## Kwalità tas-Servizz

Bla dubju, il-livell tal-kwalità fis-servizz li nipprovd u hija kruċjali għalina li nibqgħu nsostnu r-rwol tagħna b'ħala l-ewwel u l-aħħar impressjoni li jieħdu kemm dawn li jżuruna u kif ukoll il-Maltin meta jivvjaġġaw minn u lejn il-Gżejjer Maltin. Għat-tieni sena, l-Ajruport Internazzjonali ta' Malta kien klassifikat b'ħala l-Aqwa Ajruport fl-Ewropa fil-*ACI Airport Service Quality (ASQ) Survey*.

## Outlook

The record number of passenger movements in 2010 of 3.29 million was exceeded in 2011, and increased to 3.5 million. At best, the Group was expecting the volume of traffic to be largely the same, however, a number of positive outcomes during the year have contributed to increase the traffic figures beyond our expectations. The unrest in North Africa cost us some traffic to and from Tunisia and Libya but at the same time the airport experienced a significant volume of traffic from the exodus of expatriate workers from Libya. There was also the significant improvement in the load factors of most carriers especially the home carrier, Air Malta which, without increasing the aircraft traffic movements contributed to the increase in passenger movements.

The travel and tourism industry however, remains a very volatile industry. The economic and financial situation in the major markets has a direct effect on the performance of tourism in Malta and the results of Malta International Airport plc. International tourism organisations forecast continued growth in 2012, although at a slower rate. On the other hand, the European Association of Airports Council International (ACI Europe), has been quoted as saying that *“the odds are that 2012 will be a different story. Economies have come to a stand-still in many parts of Europe with the sovereign debt crisis, which is also having a ripple effect on growth prospects elsewhere. This will affect demand for air transport.”*

This is confirmed by the European Commission in its economic forecast for 2012, when it says that no economic growth is expected and that *“GDP is forecast to grow at a rate of only 0.5% in the EU and the Euro area in 2012.”*

It is in this context that whilst expressing satisfaction at the results achieved in 2011, the Group remains cautious on the outcome of 2012 and is forecasting that passenger numbers for 2012 will be less than those achieved in 2011.

The forecast for 2012 is being based on various considerations, first amongst which is the European economic crisis which is expected to lessen demand for travel and will adversely affect Malta Airport's core markets – United Kingdom, Italy, Germany, France and Spain. The Group experienced a decrease in traffic in the first three months, whereas in the Summer Schedule it is expecting a consolidation of last year's results.

As already mentioned, during 2012, the Group will see the inauguration of the SkyParks Business Centre as a milestone in its efforts to diversify its strategy of increasing the contribution of the Retail and Property segment to the Group's overall turnover. The completion of the building has suffered some delays in the construction phase due to bad weather and other factors and is six to eight months behind schedule. However, this project is expected to contribute to the results of the Group by the end of the second quarter 2012.

## Ħarsa 'l Quddiem

Il-Grupp kien qed ibassar li l-aħjar riżultat fl-2011 ikun dak li nżommu l-livelli miksubin fl-2010, iżda fl-2011, in-numru rekord ta' passiġġieri fl-2010 ta' 3.29 miljun inqabeż, u żdied għal 3.5 miljun. Numru ta' riżultati pożittivi matul is-sena kkontribwew biex in-numru ta' passiġġieri jiżdied lil hinn mill-aspettattivi tagħna. Il-ferment fl-Afrika ta' Fuq kellu effett negattiv fuq it-traffiku lejn u mit-Tuneżija u l-Libja iżda fl-istess ħin l-ajruport esperjenza volum sinifikanti ta' traffiku mill-eżodu ta' ħaddiema espatrijati mil-Libja. Kien hemm ukoll it-titjib sinifikanti fis-*seat load factors* tal-linji tal-ajru, speċjalment il-*home carrier*, l-Air Malta li, mingħajr ma żiedu t-titjiriet, ikkontribwew għal żieda fin-numru tal-passiġġieri.

L-industrija tat-turiżmu u l-ivvjagġar tibqa' madankollu, industrija volatili ħafna. Is-sitwazzjoni ekonomika u finanzjarja fis-swieq ewlenin tagħna għandha effett dirett fuq il-prestazzjoni tat-turiżmu f'Malta u r-riżultati tal-Malta International Airport plc. Diversi għaqdiet internazzjonali tat-turiżmu qed jistennew tkabbir fl-2012, għalkemm b'rata aktar baxxa. Min-naħa l-oħra, l-Assoċjazzjoni Ewropea tal-Airports Council International (ACI Europe), kienet kwotata li qalet li *“jidher li 2012 se tkun storja differenti. L-ekonomiji f'ħafna partijiet tal-Ewropa qegħdin kważi weqfin minħabba l-kriżi tad-dejn, li wkoll qed ikollha effett fuq il-prospetti tat-tkabbir f'pajjiżi oħrajn. Dan se jaffettwa d-domanda għat-trasport bl-ajru.”*

Dan huwa kkonfermat mill-Kummissjoni Ewropea fit-tbassir ekonomiku tagħha għall-2012, meta tgħid li m'huwa mistenni l-ebda tkabbir ekonomiku u li *“PGD huwa mbassar li jikber b'rata ta' 0.5% biss fl-UE u ż-żona Euro fl-2012.”*

Huwa f'dan il-kuntest li filwaqt li nesprimi sodisfazzjon għar-riżultati miksubin fl-2011, il-Grupp jibqa' kawt dwar ir-riżultati fl-2012 u qed ibassar li n-numru ta' passiġġieri għall-2012 se jkun inqas minn dak miksub fl-2011.

It-tbassir għall-2012 qed jiġi bbażat fuq diversi konsiderazzjonijiet, l-ewwel fosthom hija l-kriżi ekonomika fl-Ewropa li hija mistennija li tnaqqas id-domanda għall-ivvjagġar u taffettwa ħażin is-swieq ewlenin tal-ajruport tagħna, i.e. ir-Renju Unit, l-Italja, il-Ġermanja, Franza u Spanja. Il-Grupp esperjenza tnaqqis fit-traffiku fl-ewwel tliet xhur, filwaqt li matul l-iskeda tas-sajf huwa mistenni li jkun hemm konsolidazzjoni tar-riżultati tas-sena li għaddiet.

Kif diġà semmejt, matul l-2012, se jkollna l-inawgurazzjoni tal-iSkyParks Business Centre, li huwa pass importanti fl-istrategija tal-Grupp biex jibqa' jiddiversifika l-operat u jżid il-kontribuzzjoni tas-segment tar-*Retail & Property*. It-tlestija tal-bini sofriet dewmien ta' bejn sitt u tmien xhur fil-fażi ta' kostruzzjoni minħabba l-maltemp u fatturi oħrajn. Madankollu, dan il-proġett huwa mistenni li sat-tieni kwart tal-2012, jibda jkkontribwixxi għar-riżultati tal-Grupp.

## Conclusion

There is no doubt that there are some very exciting yet challenging times ahead. I am positive that the Group's performance over recent years will be a good basis for the future.

In concluding this Review, I feel I have to thank my predecessor, Julian Jaeger, who with his foresight and leadership, succeeded in superbly steering the Group in good and bad times. I am proud that with the help of the excellent management team and our talented and committed staff we can continue building on his legacy.

## Konkluzjoni

M'hemmx dubju li għaddejjin minn żminijiet eċċitanti li iżda, joffru wkoll sfida. Konvint li l-prestazzjoni tal-Grupp fl-aħħar snin hija bażi tajba għall-futur.

Biex nagħlaq dan ir-Review, inħoss li għandi niringrazzja lill-predeċessur tiegħi, Julian Jaeger, li bil-viżjoni u t-tmexxija tiegħu, irnexxielu jiggwida l-Grupp fi żminijiet kemm tajbin u kif ukoll kważi. Jiena kburi li bl-għajnuna tal-*management* eċċellenti u l-impjegati abbli u impenjati tagħna, nistgħu nkomplu nibnu fuq il-wirt li kienet.



Markus Klaushofer  
Chief Executive Officer



# Corporate Governance

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## Board of Directors

### Andreas Schadenhofer

Chairman

Mr Schadenhofer was born in Austria in 1963 and graduated Master of Business Administration from the Vienna University of Economics and Business Administration.

Before Mr Schadenhofer joined Vienna International Airport plc in 1992 he gained work experience in the field of technical developments with KONE Sowitsch (Austria), as well as in Controlling. At Vienna Airport he was responsible amongst others for group planning and consolidation.

Since 2000 Mr Schadenhofer is Head of Strategy, Controlling and Group Shareholdings. This area of operation includes also project implementation and master planning.

### Jackie Camilleri

Deputy Chairman

Ms Camilleri is a Certified Public Accountant, a graduate of the University of Malta with a B.A (Hons) degree in Accountancy and is a Fellow Member of the Institute of Accountants. She holds a Masters Degree in Business Administration from Heriot-Watt University Edinburgh Business School.

Ms Camilleri has held various positions within the AX Holdings Group of Companies as well as with the Foundation for Medical Services, where she carried out various internal feasibility reports, internal audit reviews and operational plans of the various healthcare entities falling within the Foundation's remit. She also has work experience in the United Kingdom where she joined the National Health Service and served as a Directorate Accountant at Stoke Mandeville Hospital.

Ms Camilleri provided financial consultancy services to the private and national health sector, including her role as Head of Financial Monitoring and Control Unit (FMCU) within the Ministry of Health, Elderly and Community Care. She has also worked on various consulting assignments, privatisation processes, strategic reviews and business evaluations during her time at MIMCOL. In the last quarter of 2010, she re-joined the Ministry of Health, Elderly and Community Care management team as Chief Financial Officer.

Ms Camilleri served as a Board Member of the Foundation for Medical Services between 2005 and 2010 and is also a lecturer at the Institute of Healthcare (IHC) of the University of Malta.

### Markus Klaushofer

Chief Executive Officer

On 28th November 2011, Mr Klaushofer was appointed as the new Chief Executive Officer of Malta International Airport plc, with effect from the 1st January 2012.

For the past three years, Mr Klaushofer was at Moscow's Sheremetyevo International Airport, first as Divisional Director for Marketing, Sales & Business Development and subsequently as Chief Commercial Officer. Prior to that, he spent over seven years at Vienna International Airport, first as Head of Marketing & Sales (including Cargo) and later took over the added role of Business Development.

He is 38 years old, was born in Vienna, Austria and has attended the Law School of the University of Vienna.

This is not Mr Klaushofer's first contact with Malta and Malta International Airport, having served on the Board of Directors of Malta International Airport plc, between April 2007 and April 2009.

### Austin Calleja

Chief Financial Officer

Mr Calleja joined MIA in 1991 and formed part of the team that assisted the Government of Malta privatise the Airport in 2002. He is a fellow of the Chartered Association of Certified Accountants (UK) and a fellow of the Malta Institute of Accountants. His previous work experience includes auditing and consultancy with Price Waterhouse (1981-87) and Chief Accountant with British Airways in Malta and later in Rome (Italy) as Business Manager Italy and the East Mediterranean (1987-91).

Mr Calleja is directly responsible for Finance, Information Systems and Information Management as well as other Administrative functions within the Company, including the Malta Airport MetOffice. He is an active member of the Airports Council International (ACI) Europe Economics Committee and was Chairman and Vice-Chairman of the same Committee between 2001 and 2005.

### Youssef Sabeh

Director

In 2008, Dr Sabeh assumed the post of Vice-President, General Manager – Airport Concessions with SNC Lavalin in Europe. In this capacity, Mr Sabeh is President of SEATLP (Société d'exploitation de l'Aéroport Tarbes-Lourdes-Pyrénées) and a director of Malta International Airport plc since 2009.



From left to right: Dr Sabeh, Mr Schadenhofer, Dr de Gabriele, Mr Bianchi, Ms Camilleri, Mr Calleja and Mr Klaushofer

Dr Sabeh managed Paris-Vatry Airport from 2000 to 2009, and remains a director of SEVE (Société d'Exploitation de Vatry Europort), the private company responsible for the management and development of Paris-Vatry International Airport and business park.

In previous postings, he served as Vice-President, Airport Development with Aéroports de Montréal Capital from 1999 to 2000, and Director, Environment with Aéroports de Montréal from 1992 to 1998.

Dr Sabeh completed university level studies in Canada during the period from 1983 to 2000: Bachelor's degree in Civil Engineering, Master's degree scholarship in Civil Engineering and Doctorate (PhD) in Civil Engineering at Université de Sherbrooke, as well as a Master's degree in Business Administration (MBA) at École des Hautes Études Commerciales in Montréal. He speaks English, French, Spanish and Arabic.

#### **Michael J. Bianchi**

Director

Mr Bianchi was born in 1956 and educated at St Edward's College. He started his career in 1974 by joining the family business founded in the 19th century where he is still a Director. Mr Bianchi has been active in a diversified field of activities within and also outside the family business ranging from mobile telephony, having founded Vodafone Malta, to i-Gaming, from Shipping to Tourism and Leisure, Retailing to Yacht Yards.

Mr Bianchi was also responsible for bringing together the consortium MMLC that includes Vienna Airport and SNC Lavalin

that successfully bid during the privatisation process for the acquisition of shares and the management of Malta International Airport plc. He serves as a Director of various companies covering a wide spectrum of activities. Mr Bianchi is also Honorary Consul General for Austria in Malta.

#### **Louis de Gabriele**

Company Secretary

Dr de Gabriele was born in Malta, on the 29th February 1964. He read law at the University of Malta from where he graduated Doctor of Laws and subsequently at the University of London from where he graduated LL.M in Corporate & Commercial Law.

He was first employed as in-house legal counsel at Bank of Valletta in Malta. He then joined Camilleri Preziosi as an associate in 1993 and became Partner in 1995. He has since 1995 worked principally in Corporate and Commercial law with specialisation in Capital Markets and Corporate Finance. Dr de Gabriele still leads the firm's Corporate & Finance practice group. He has extensive experience in advising a number of companies in approaching the capital markets both in equity and debt and has been actively involved in the development of good corporate governance for public companies. He acts as legal advisor to the Company on an on-going basis.

Dr de Gabriele is also a lecturer at the University of Malta in Corporate and Commercial Law subjects.

Malta International Airport plc has adopted corporate governance structures that are designed to suit the Company, its business and its size, to ensure proper checks and balances, whilst retaining an element of flexibility.

The Board of Directors is composed of a balance of five (5) Non-Executive Directors and two (2) Executive Directors, a balance entrenched in the Company's Memorandum and Articles, which requires that the CEO is an ex-officio Director together with the possibility of two other senior executives of the Company.

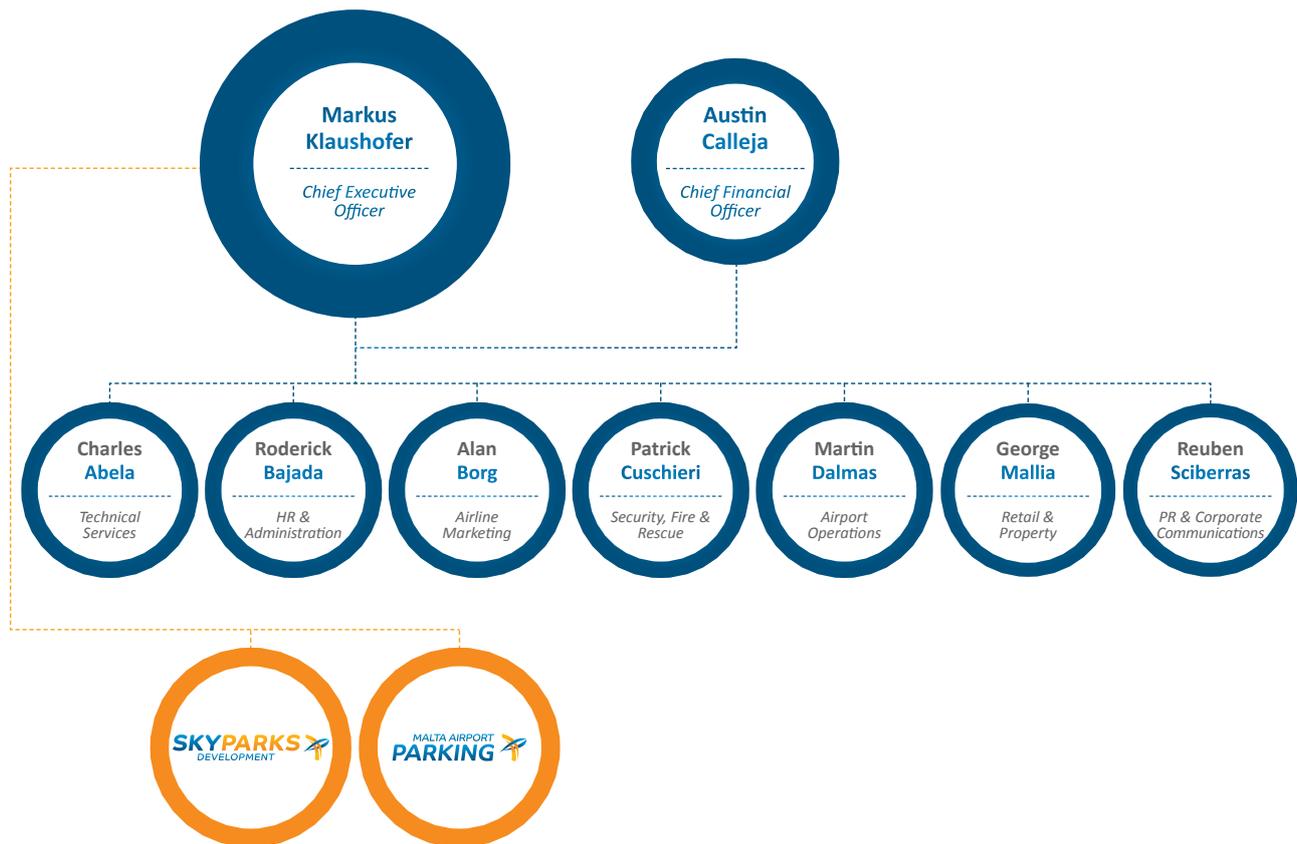
The Board delegates specific responsibilities to a number of Committees, notably the Audit Committee - and the Executive Committee - headed by the Chief Executive Officer each of which operate under formal terms of reference.

The Audit Committee is composed of three non-executive directors of the Company, and its role is to monitor internal systems and related costs. During the period under review it met four times.

The Chief Executive Officer is the person accountable to the Board of Directors of the Company for all business operations. He has the power and authority to appoint the persons to fill in the post of each member of the Executive Committee.

The Executive Committee is headed by the Chief Executive Officer and consists of each Department Head (see hereunder). The Executive Committee meets an average of three times a month and for the period under review was led by Julian Jaeger till 31st August and by CEO ad Interim Austin Calleja till 31st December.

## Organisation Structure



## Risk Management

Malta International Airport plc is constantly aware that the identification and management of risk is central to achieving the Corporate Objective of delivering long-term value to shareholders. Each year, the Board reviews and considers the risk profile for the whole business. This risk profile covers both operational and strategic risks.

The Board has delegated the overview of risk management to the Executive Committee. In addition, the Board specifically requires the CEO to implement a system of control for

identifying and managing risk. The Directors, through the Executive Committee, review the systems that have been established for this purpose and regularly review their effectiveness.

The Company operates a system that provides a consistent framework for the assessment and management of risks. Risks are ranked according to common practices, and where a risk is assessed as material it is reported and reviewed by senior management.

## Segments

### Airport Segment

The Airport Segment encompasses the activities one would associate with an airport operation. This segment incorporates revenue from airport regulated fees, aviation concessions and PRMs (persons with reduced mobility) and their associated costs. The operation and maintenance of the Terminal, runways, taxiways and aircraft parks are also part of this segment.

### Others Segment

The 'Others' Segment comprises services that do not fall either under the Airport nor the Retail and Property Segments. Miscellaneous income, disbursement fees from third parties and costs associated with this income are included within this Segment.

### Retail & Property Segment

The Retail & Property Segment includes all the commercial services present at the airport. These include the various retail outlets within the airport perimeter, the advertising programme, rental of offices and warehouses, as well as the provision of VIP services and lounges. The operation of Airport Parking Ltd is included within this segment.



## Strategy & Masterplan

The long-term strategy adopted by the Company is that of the consolidation of its airport operation - which is ultimately at the core of its business activity. In recent years, a diversification strategy was also adopted to ensure a better spread of activity, through the enrichment of its Retail & Property offer.

The former is first and foremost achieved through attractive Airport Charges which, for the fifth year running have not been changed in order to make it appealing for airlines to start or continue their operations to and from Malta. This is further enhanced through an Incentive Scheme via which airlines interested in operating new or underserved routes can avail

themselves of reduced airport charges, through rebates on passenger service charges depending on the particular time of the year.

In November 2011, the Company announced that it would be giving a 100% refund to all scheduled airlines on all their landing fees from November 2011 to March 2012 with the aim to stimulate traffic during the shoulder/winter months.

All these are coupled with a constant focus on cost control and efforts in achieving a leaner organisation through cost-effective measures and efficient internal systems.



## Looking to the future

The Malta Airport Infrastructural Masterplan is reviewed on an annual basis to ensure that it considers actual market trends and unforeseeable events. It is a crucial planning tool for the Company and is primarily intended to foresee any infrastructural needs to sustain the expected passenger and aircraft operations and consequently, allows the Company to plan capital expenditure outflows required.

The latest edition incorporates greater emphasis on landside development of non-aviation facilities. The basis of the document is a current capacity analysis of Malta Airport facilities using IATA criteria and the development of a passenger

and aircraft movement forecast based on economic and other factors which are known to correlate with passenger motivation to travel to Malta by air. Scenario analysis, such as the development of the cruise-and-fly business, is also an important part of the process.

The Masterplan's direct objective is to make the best use of existing facilities without compromising the travelling passenger's experience, particularly within the Terminal. Otherwise, future development is scheduled to meet just-in-time capacity demands with minimal operational disruption.





**+11.4%**

earnings  
per share  
in 2011



02

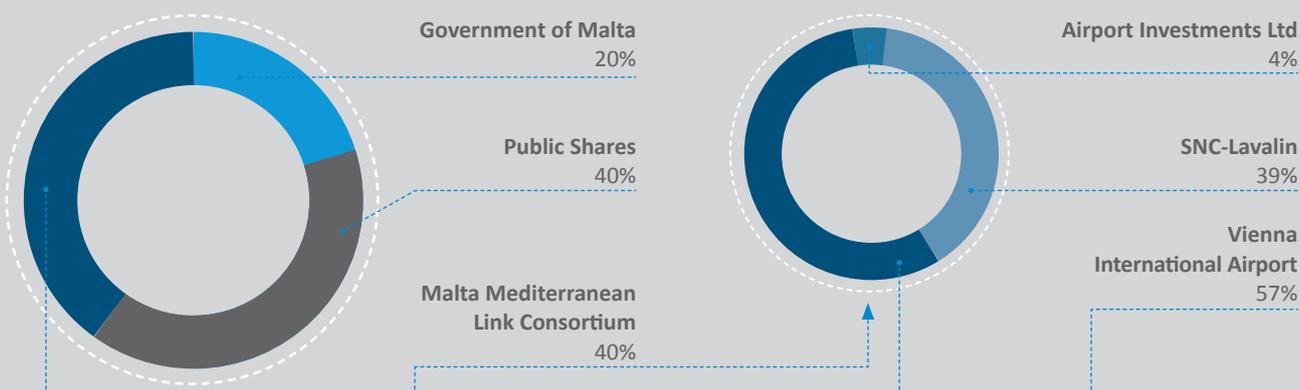
# MIA SHARES



## Timeline



## Ownership



## Performance of MIA share

	2011	2010	2009	2008	2007
Shares outstanding in million	135.30	135.30	67.65	67.65	67.65
P/E ratio	18.66	21.01	18.60	19.53	24.32
Earnings per share in €	0.091	0.079	0.129	0.128	0.132
Net dividend per share in € *	0.070	0.065	0.117	0.117	0.116
Net dividend yield in %	4.142	3.916	4.875	4.680	3.614
Pay-out ratio as a % of net profit	77.29	82.19	90.78	91.69	88.12
Market capitalisation in € million	228.66	224.60	162.36	169.13	217.46
Stock price high in €	1.85	1.66	2.50	3.38	3.28
Stock price low in €	1.50	1.20	2.00	2.20	3.06
Stock price as at 31 December in €	1.69	1.66	2.40	2.50	3.21
Market weighting in %	8.39	6.81	3.59	3.94	3.80

N.B. Stock Market Indicators for 2007 to 2009 are based on 67,650,000 shares.

Following the 2:1 share split on 1 June 2010, the indicators for 2010 and 2011 are based on 135,300,000 shares

\* Reporting year: recommendation to the Annual General Meeting

## MIA Share Price vs MSE Share Index

31 December 2010 - 26 March 2012



### Stock Market Listing

The Malta International Airport plc share has been trading on the Malta Stock Exchange since 2002. On the 1 June 2010, the nominal share value of the Company was increased from €0.465874 to €0.50 per share, thus increasing the issued share capital of the Company from €31,516,376 to €33,825,000 by the capitalisation of €2,308,624 from retained earnings. On the same date, there was a 2:1 share split with the number of issued shares of the Company increasing from 67,650,000 to 135,300,000 shares.

The Company's issued share capital is now made up of 81,179,990 Ordinary 'A' shares, 54,120,000 Ordinary 'B' shares and 10 Ordinary 'C' shares. The 'A' shares are actively being traded on the Malta Stock Exchange.

### Recommendation for Distribution of Profit

The 2011 financial year of Malta International Airport plc closed with a net profit of €12,254,254. A net interim dividend of €4,059,000 (€0.03 cents per share based on 135,300,000 shares) was paid in September 2011 to the ordinary shareholders of the Company. The Board of Directors of Malta International Airport plc is further recommending a payment of a final net dividend of €0.040 per share or €5,412,000 on all shares settled as at close of business on the 10 April 2012 which dividend shall be paid by not later than the 25 May 2012. The total net dividend paid and proposed for the financial year 2011 is therefore €0.070 per share or €9,471,000 which is 77.3% of the total net profit for the year.

### Additional information

More information on Malta International Airport as well as statistics and annual reports are available online [www.malairport.com](http://www.malairport.com) in the Investor Information section.

### Financial Calendar 2012

Close of Shareholders' register	10 April 2012
Annual General Meeting	10 May 2012
Payment	25 May 2012

### Investor Relations

The aim of Malta International Airport plc is to inform its shareholders of any new development that is taking place within the Company. In the period under review, the responsibility for Investor Relations was passed on to the PR & Corporate Communications Department. In addition to interim and final reports, Company Announcements are issued on all the relevant information emanating from the Company, which include monthly traffic statements.

During 2011, a new communication tool – MIALink – was launched. This is a tri-annual newsletter which is sent to all shareholders. At least twice annually, presentations are made to stockbrokers and financial institutions giving detailed financial and operational information about the Company. The Investor Relations section on the company website has also been enhanced with further information.



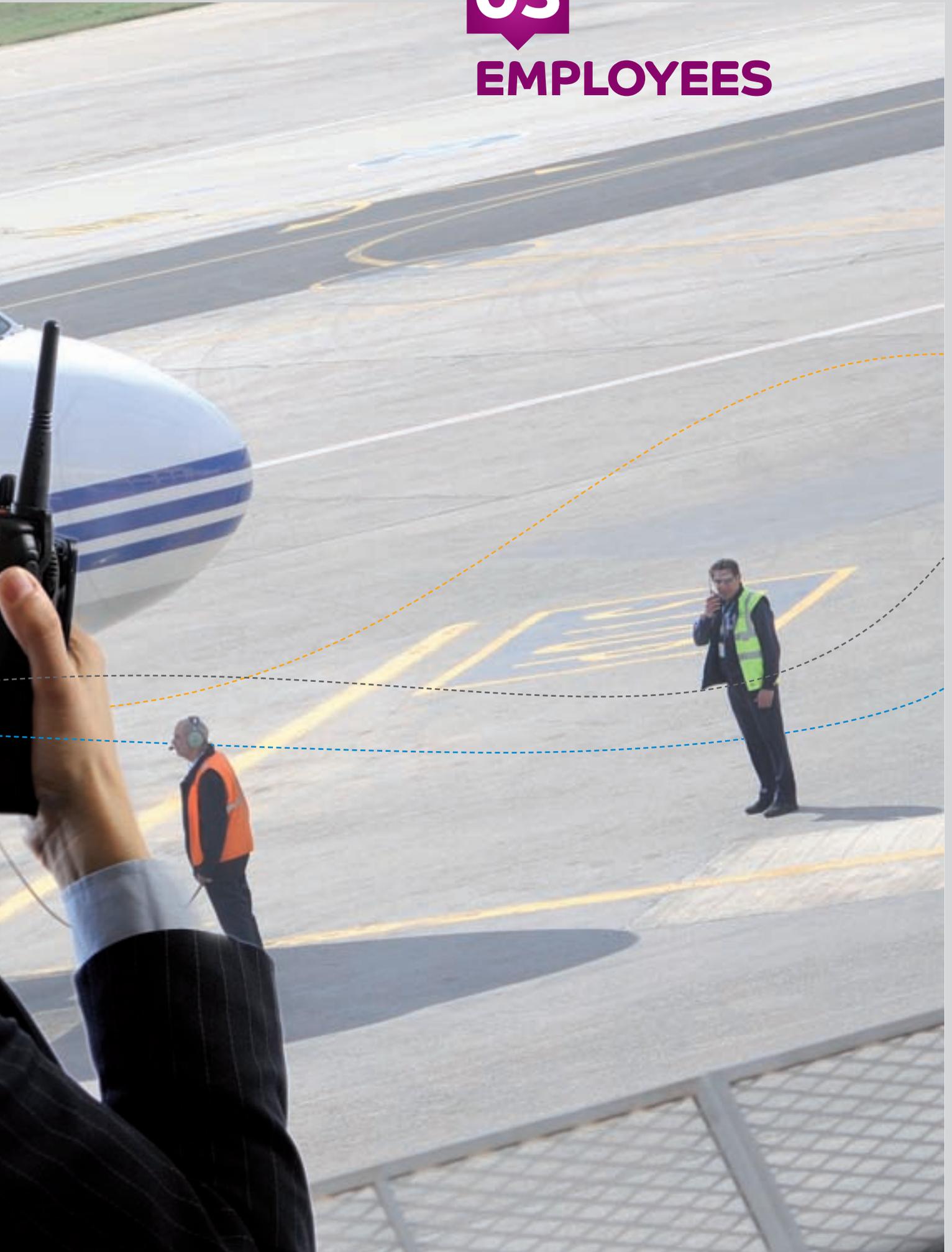


**13 years**

average  
length of  
service of  
employees

03

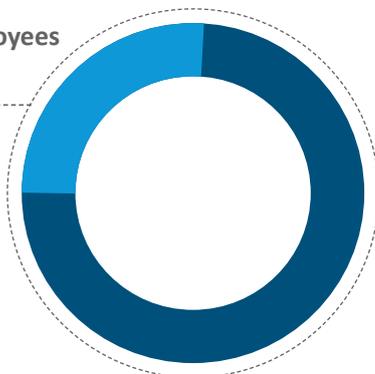
# EMPLOYEES



# Total number of MIA Employees

Percentage of Female Employees  
(during the course of 2011)

26%



Employee Average Age  
(during the course of 2011)

42



Average Length of Service  
(during the course of 2011)

13

Full Time  
(as at 31 December 2011)

290

Full Time on reduced hours  
(as at 31 December 2011)

9

Retired (61+)  
(during the course of 2011)

5

Voluntary Early Retirement  
(as at 31 December 2011)

15

Summer Workers  
(during the course of 2011)

36

Part Time  
(as at 31 December 2011)

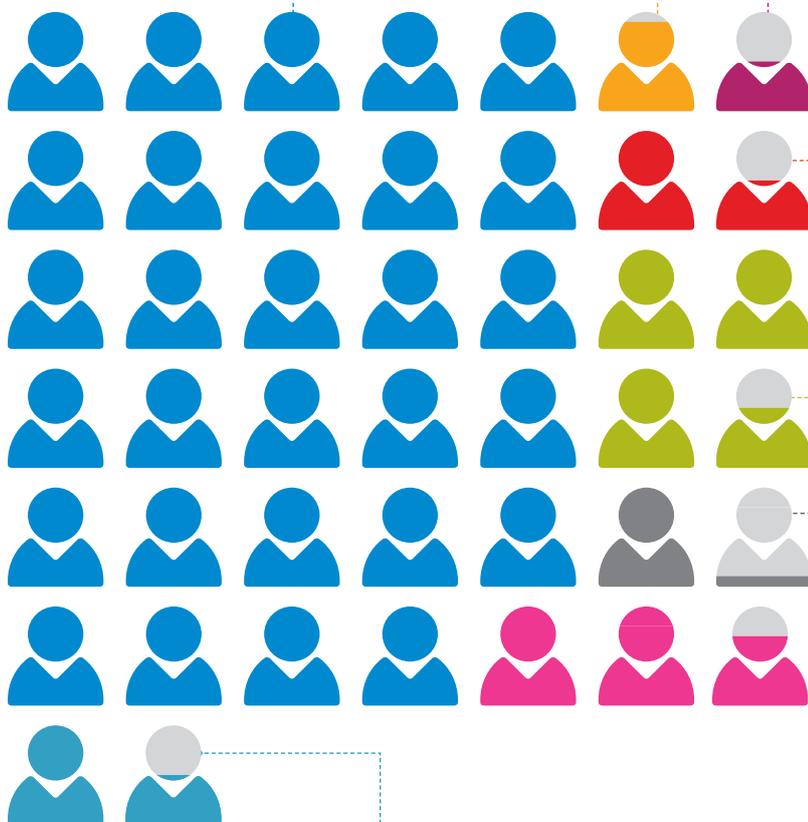
11

Resigned  
(as at 31 December 2011)

15

Management  
(as at 31 December 2011)

27



## Restructuring

During 2011, the Company carried out a restructuring process within the Technical Department which was previously divided into Airside and Terminal.

The new setup merged these into one unit, whilst a small unit focused on Projects has been created.

## Occupational Health & Safety

The Company continually aims to improve its commitment to provide a safe and healthy work environment for all employees, contractors, visitors and passengers. During 2011, a number of policies making up this programme were discussed in depth and developed further by the MIA OHS committee.

In May 2011, the Company published a Health and Safety handbook for all employees, with the primary aim of educating and informing all staff about work-related hazards and the responsibility of embracing Health and Safety issues in the best

interest of both the employer and the employee. The handbook was also uploaded on the company intranet.

During November and December 2011, the Company embarked on a General OHS Awareness Training Programme which is mandatory for all its employees. This training continued during January and February 2012.



# Training and Development:

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## Core Values training

An intensive training programme entitled “Live the Values’ was held between February and March 2011 whereby all the 340 MIA employees attended direct training on how to adopt the Company Values in their everyday life at the place of work.

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## ‘Inspire’ - Training for all MIA Officers

In May 2011, a new training programme entitled ‘INSPIRE’ was launched, focusing on a group of 29 officers and senior officers from various departments. It is a Leadership and Management Development Programme aimed at fast tracking business leadership skills amongst MIA’s generation of officers and senior officers. This programme is spread over a 15-month period covering topics such as Train the Trainer, Managing and Sustaining Performance, High Impact Problem-Solving & Decision-Making, Developing a High Performance Team and Interpersonal communication skills.

---

## Health and Safety

The following training was carried out in 2011:

- Rescue of Casualties from Heights
  - Handling of Hazardous/Dangerous Chemicals and Goods
  - Basic Radiation Safety
  - Risk Assessments
  - Workers’ Health and Safety Representatives (WHSRs)
- 

## Airport Management Training Programme (AMTP)

This on-going training programme by Vienna Airport Academy offers participants the opportunity to embark on a unique training programme held over a whole year. The AMTP is currently in its fourth year with the participation of two MIA employees, following the successful completion of the programme by nine employees in the previous three years.



### ADVANCE Diploma

All 26 MIA employees who in October 2010 had commenced the one year course leading to ADVANCE Diploma in Innovation and Tourism (recognised as Level 5 at EQF) organised by the Malta Tourism Authority (MTA) with the support of the European Social Fund (ESF), have successfully completed their course and achieved excellent grades with an average mark of 80.3. Moreover a limited number of participants achieving the highest grades were selected by the MTA, which included four MIA employees, to take part in a fieldtrip to Scotland or Rome during November/December 2011.

### PEAK Leadership Programme

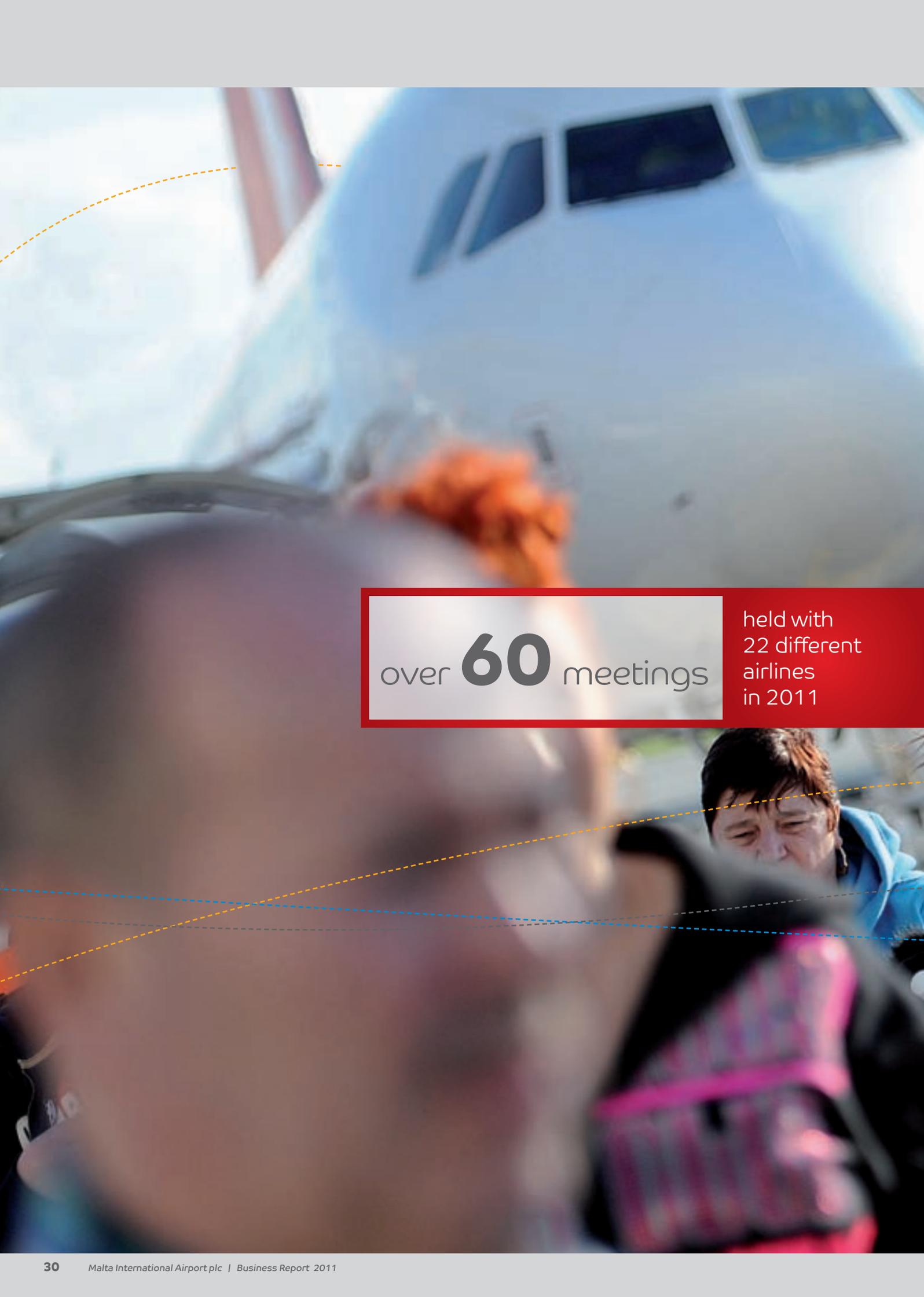
In August 2011 the 'PEAK Leadership Programme' for the senior management team (CEO and Heads of Department) was launched. This is being held over a spread of 12 months during which, apart from workshops and individual coaching sessions, participants have Team Building activities together with 2 residential retreats. The 'PEAK' approach to leadership development will impact critical areas as controlling, evaluating, delegating, decision making and problem solving, communicating and motivating. It has also been planned around the particular requirements highlighted during past and current training courses and it addresses MIA's specific business environment and learning objectives.

### Training plan for 2012

The following training is being planned for 2012:

- INSPIRE training programme - second intake of employees
- Live the Values - Take 2: teambuilding sessions for all employees
- APEX Leadership Driver Top-up: A follow-up programme for all MIA Managers and Executives
- Leading Live the Values
- ADVANCE Diploma in Innovation and Tourism - second intake





over **60** meetings

held with  
22 different  
airlines  
in 2011

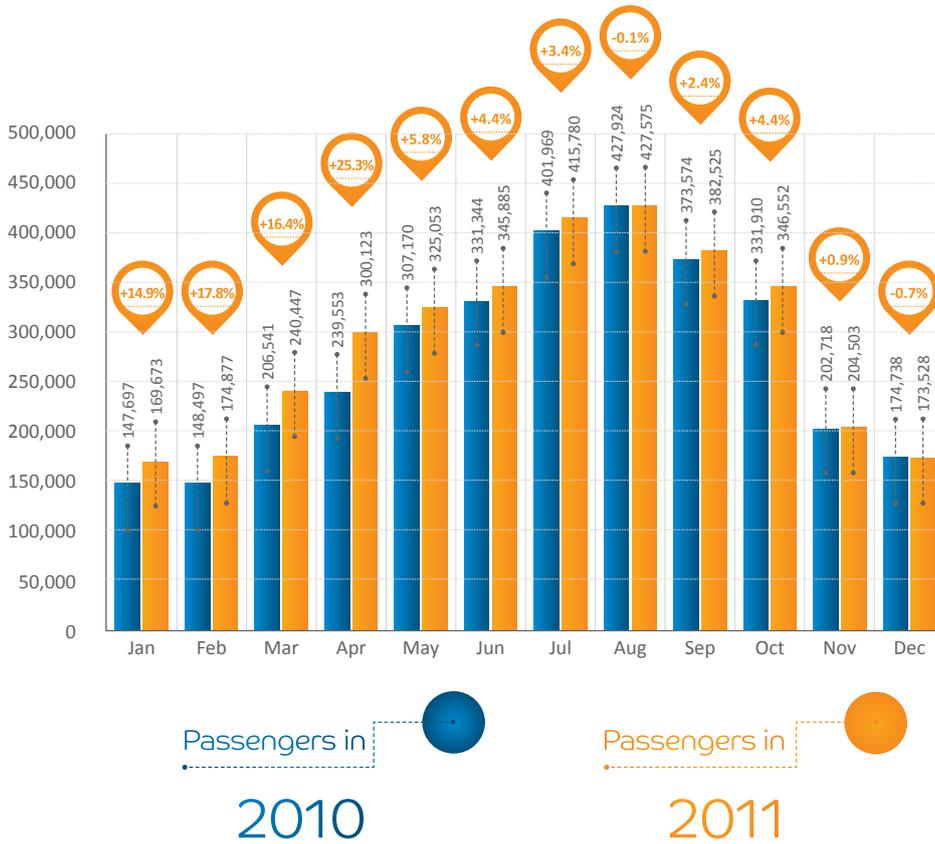
04

# AVIATION



# Traffic Results

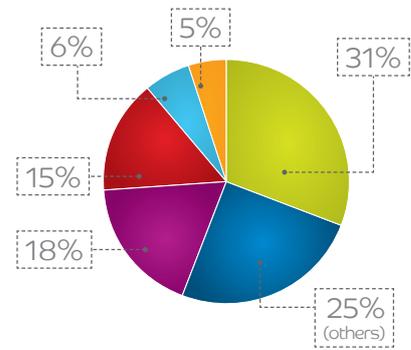
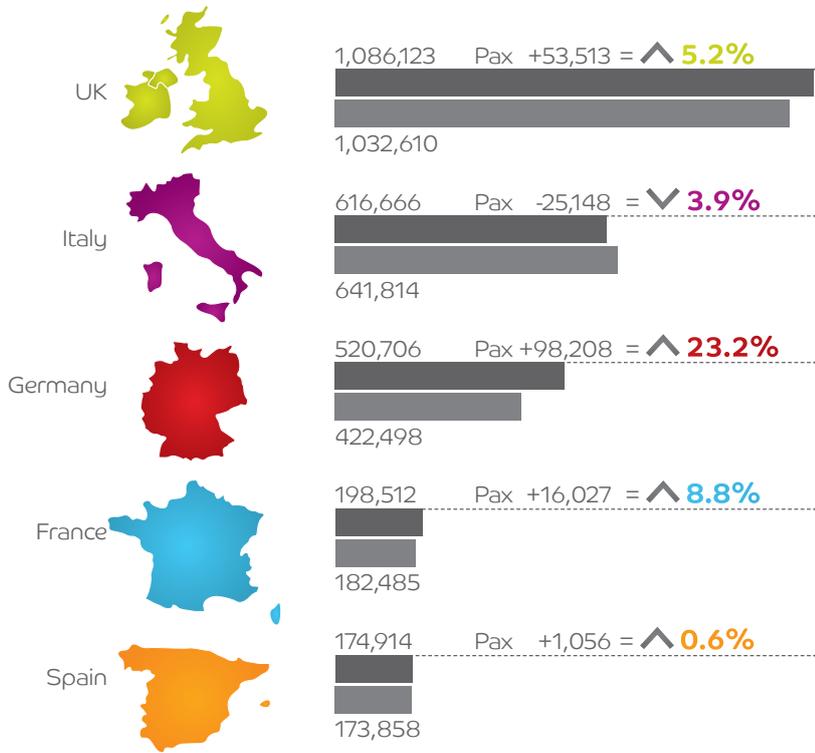
## Total Passengers



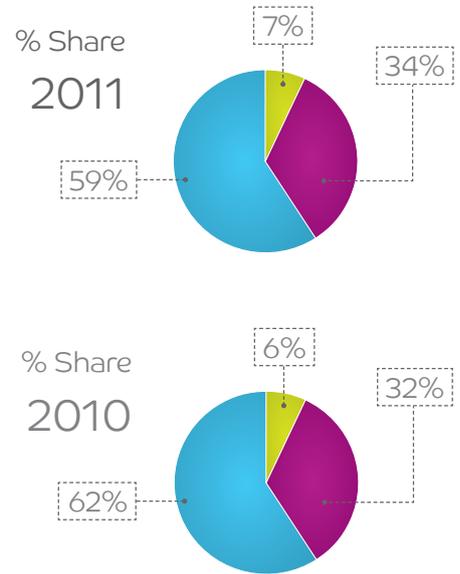
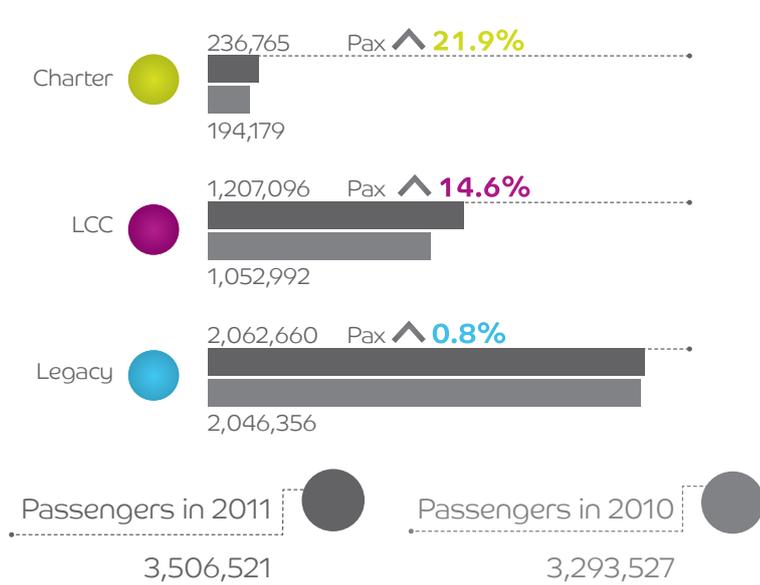
Total Passengers in 2011  
**3,506,521**



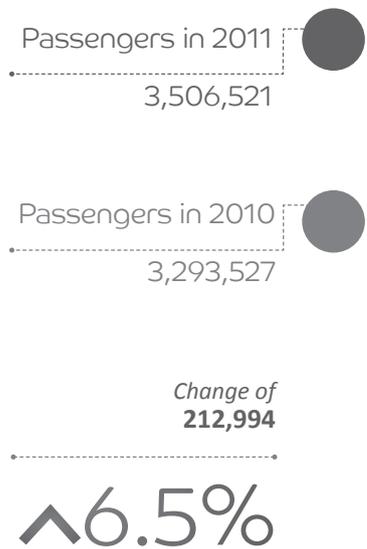
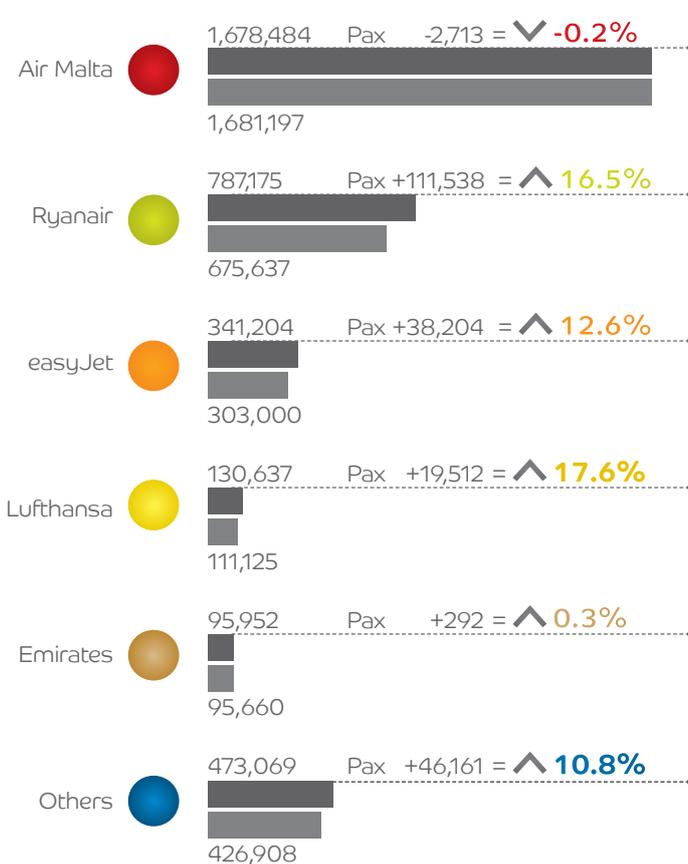
Top 5 Markets



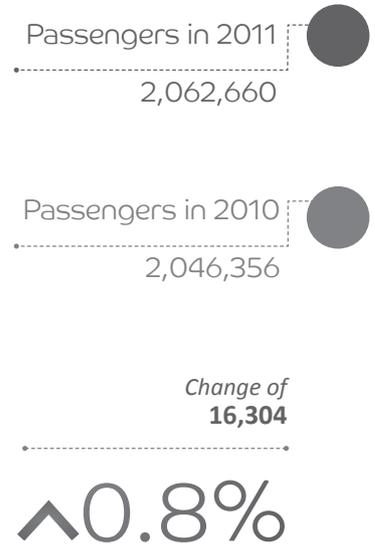
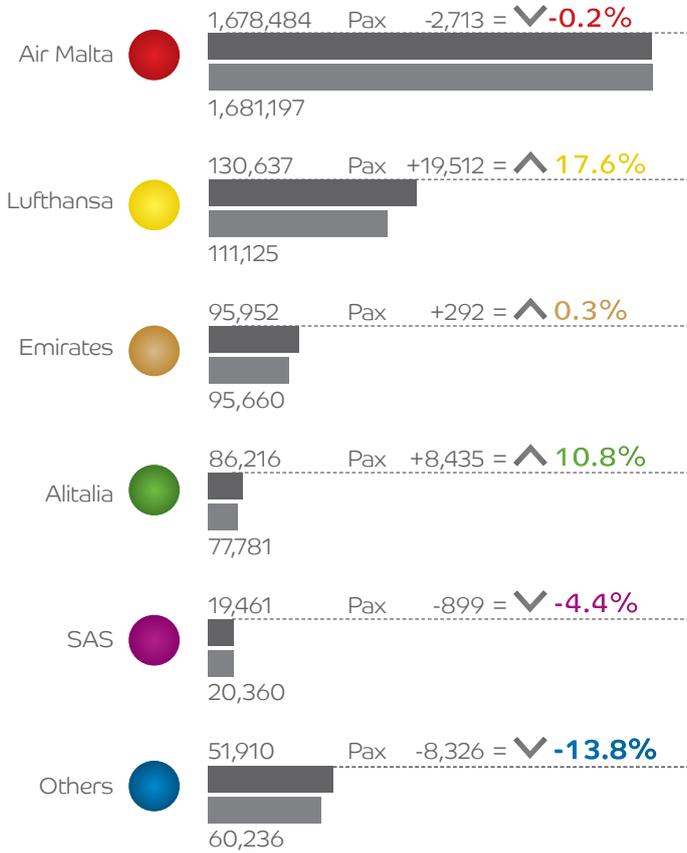
### Business Mix



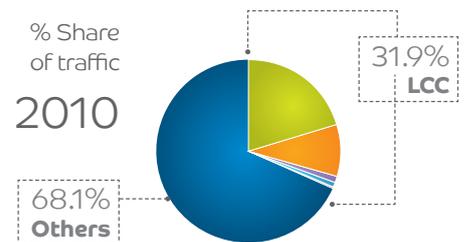
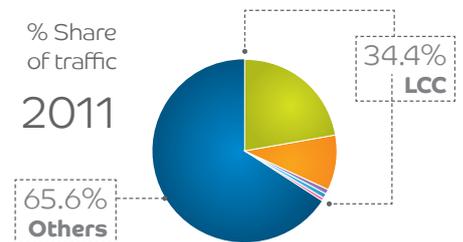
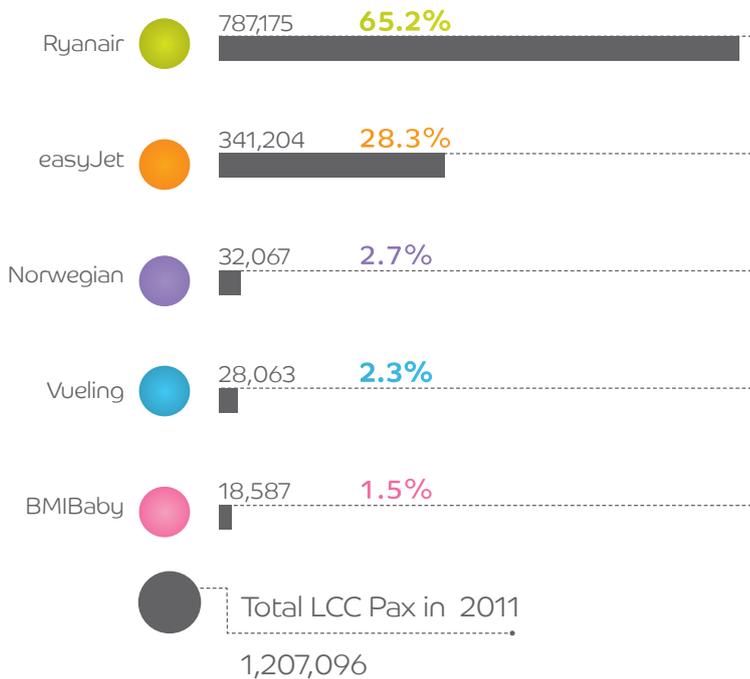
### Top 5 Airlines



**Top 5 Legacy Carriers**



**Top 5 Low Cost Carriers**



## Marketing Strategy

The Airport Charges which, for the fifth year running, have not been changed. This, together with the Incentive Scheme via which airlines interested in operating new or underserved routes can avail themselves of reduced airport charges; as well as the initiative launched in November 2011, of the waiving of all landing fees in the Winter 2011-2012 schedule; are all part of the marketing strategy aimed at making Malta an attractive offer for airlines to operate from.

The Airline Marketing Team is very active in maximizing all opportunities and in seeking new avenues to attract new airlines to operate to Malta as well as airline clients to start operating to new destinations. In the period under review, the Airline Marketing Department attended five international conferences (namely Routes Europe, Routes World, ITB, French Connect and WTM) as well as various individual meetings and visits to particular airlines. In 2011, over 60 meetings were held with 22 different airlines.



# New Airlines and Routes

In 2011:

- **Air Malta** Hanover
- **Ryanair** Eindhoven
- **Lufthansa** Munich
- **easyJet** Belfast
- **Air Berlin** Cologne
- **Condor**
- Birmingham
- Glasgow
- Nuremberg
- Basel
- Dusseldorf
- Frankfurt

In 2012:

- **Air France** Toulouse
- **Ryanair** Bournemouth
- Turin
- Wroclaw
- Kaunas
- London-Stansted
- Malmö
- Oslo-Rygge





# CAPEX

During 2011, the following capital expenditure was carried out:

**Total Capital Expenditure 2011**  
(excluding SkyParks and Airport Parking)

€2,700,000

## Breakdown

New and replacement of Plant & Equipment (such as Standby Generators, Security Equipment and Airconditioning Plant)



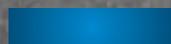
€1,200,000

Infrastructural improvements (such as upgrading and major works on runways and taxiways)



€600,000

New and upgrading commercial areas (such as new Eurojet Offices and Airline counters)



€440,000

New and upgrading of Computer and Telecom equipment



€460,000



# Operations

2011 has again seen a record number of passenger movements being handled by the airport. For another year, MIA has managed to keep up with this demand without resorting to contingency measures in supplementing its facilities. Summer peak periods particularly required careful planning and coordination with ground handling service providers to ensure efficient utilisation of existing facilities, which on occasions reached saturation. In the meantime, the Company has also successfully managed to ensure that passengers were consistently afforded the best possible level of customer service through its oversight processes and that their transit through MIA was not only comfortable but left a pleasant experience.

MIA has sustained its efforts to ensure that the personal interactions between passengers, MIA employees and service providers were strengthened as the Company believes this plays a crucial role in realising the passenger's needs and leaving them with a positive lasting impression. This year, such initiatives also meant an unprecedented experience for MIA with the outbreak of the Libyan crisis. The latter triggered in excess of 300 commercial and military aircraft movements related to the emergency situation. During February alone, MIA facilitated the evacuation of more than 4,000 persons from Libya. The following movements were registered:

210	Commercial / Military Evacuation Flights
86	Military Movements (including emergencies) supported
45	Medical Evacuations handled

MIA's operations inevitably required substantial coordination with aviation stakeholders and Government entities, including Transport Malta (Civil Aviation Directorate), Malta Air Traffic Services, the Office of the Manager Airport Security (OMAS), Ground handling agents, Enemalta Corporation, the Armed Forces of Malta, Malta Police, Immigration and Customs amongst others. This strong relationship not only facilitates its normal operation

but has also allowed MIA to successfully support a number of events on its airside facilities (see Key Events on page 55).

Through its Operations Department, MIA maintains a facilities masterplan to timely meet future demand and developing passenger needs and trends. In the near term, preparatory work completed during 2011 will see improved Flight Information Displays within the Gate and Check-in areas, a central screening area Priority Lane for La Valette customers and a rooftop terrace offering apron views to the public, implemented during 2012.

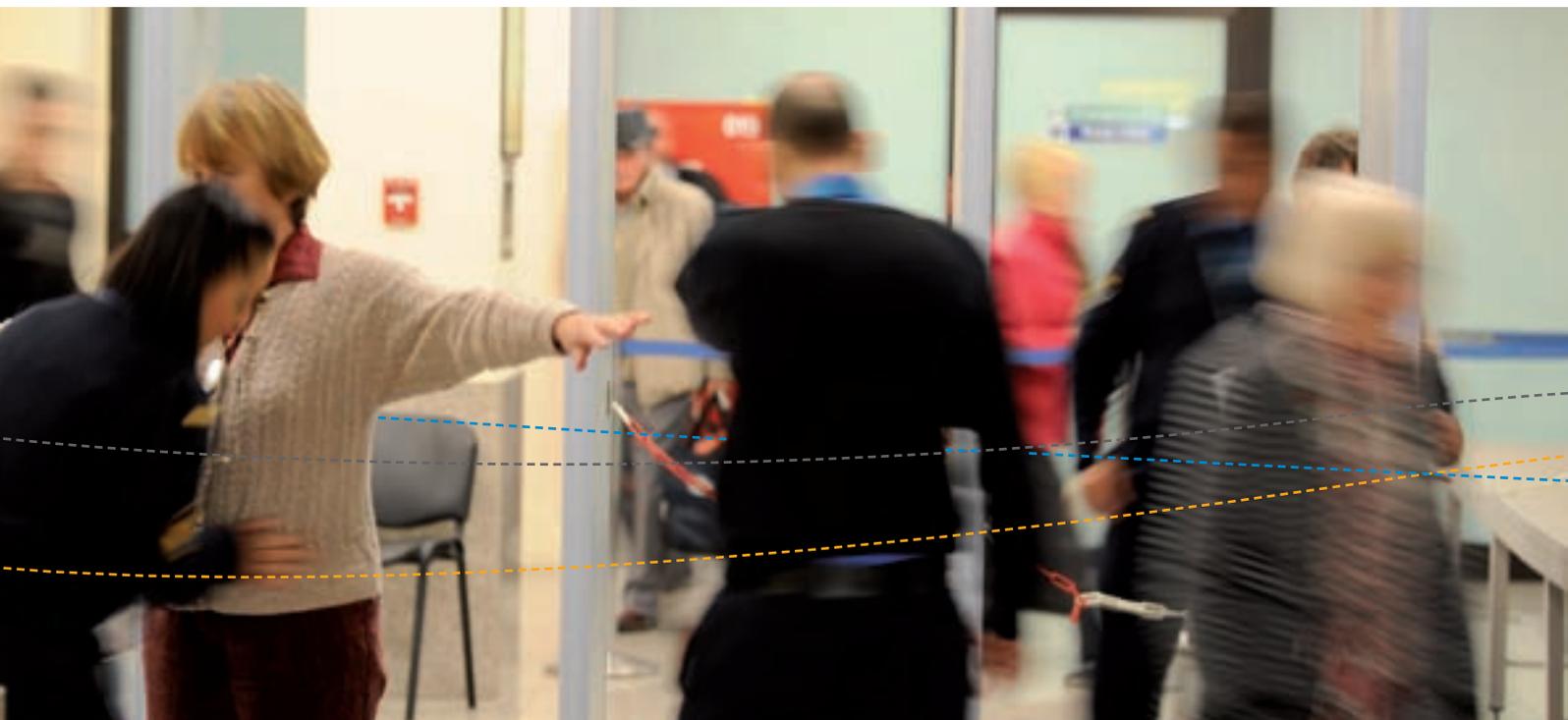
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## Security

In so far as the Security Department is concerned, there were a number of developments during the period under review:

- Installation of new equipment in view of regulatory requirements set for 2013 by the European Commission:
- Explosive Detection System (EDS) from standard 1 to 2
- Bulky Luggage Equipment upgraded to dual view image standard 2
- Introduced computer based training system and test for screening of hold and hand luggage
- Two walk-through metal detectors in transit areas in Schengen and non-Schengen
- The Company issued a tender for the provision of passenger, staff and cabin baggage security screening services. New service provider commenced operations in the first quarter of 2012.

**MALTA AIRPORT**  
**SECURITY** 





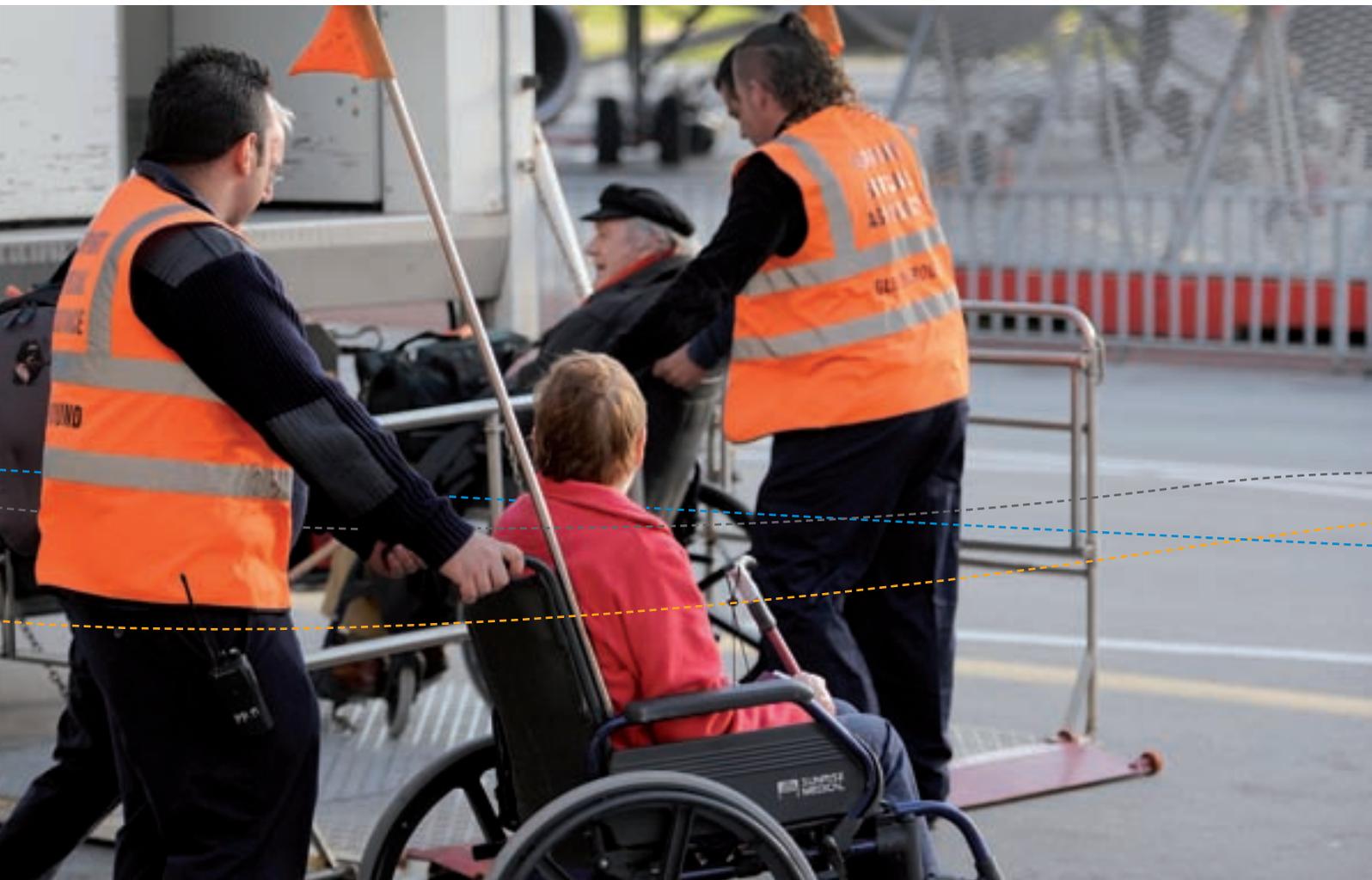
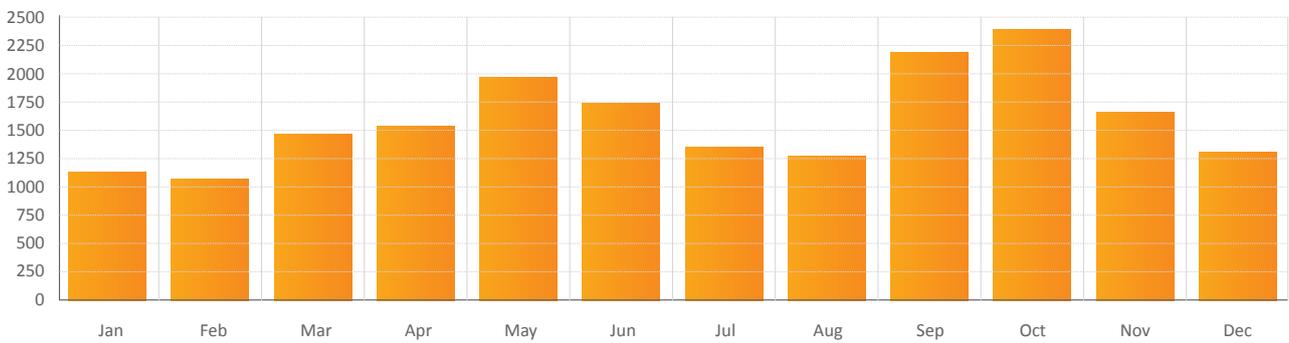
# Outsourced Services

## Persons with Reduced Mobility (PRMs)

MIA provides for the facilitation of passengers with reduced mobility whilst transiting through the Terminal in line with the relevant EU regulations. The terminal infrastructure takes account of providing unflustered access to PRMs by giving due consideration to the design of all facilities. In addition, direct assistance is provided by two service providers which are bound by quality standards and strict procedures.

During 2011, renegotiated PRM contracts came into effect which will assure longer term reduction in PRM service operating costs. MIA welcomed its 50,000th passenger requesting assisted services during July 2011.

### PRM Service 2011



## Other Services

### Ground handling

During November 2011, Air Malta plc and GlobeGround Malta Ltd, initiated a new seven-year term for the provision of ground handling services at MIA following a call for tender adjudicated during 2010.

Similarly, a separate tender was issued during the current year to select two aviation fuel service providers. In the latter case, however, MIA only managed to attract and select one provider, namely Enemalta Corporation. MIA remains committed to identify a second aviation fuel service provider.

The current contracts for the provision of aircraft ramp and fuel services include a service level agreement to minimise aircraft turnaround and passenger service times and assure optimal use of MIA resources. MIA operations staff perform regular monitoring and audits on ground handling services.

General Aviation handling is currently restricted and falling under the responsibility of the two principal Ramp Ground handling Service Providers. MIA believes that this sector should be liberalised and will be working in this direction with the Civil Aviation Directorate within Transport Malta.

### Air Traffic Control

Aerodrome Air Traffic Services at MIA are provided through an agreement between Malta International Airport and government-owned company Malta Air Traffic Services Ltd (MATS). Through this agreement, MATS extends its expertise to MIA by coordinating control of aircraft landing, take-off and ground control (taxiing and parking) on its behalf.

Coordination between MIA and MATS is structured to assure direct and regular communication at senior management and tactical levels through bilateral meetings as well as joint committees with third parties. At the operational level, instantaneous coordination is assured through direct contact between MATS Ground Movement Control and MIA's Aerodrome Operations Unit. This assures operational safety during routine operations and more complex environments, such as the implementation of infrastructural development on airside.





**€9.7** million

in revenue  
in 2011

05

# RETAIL & PROPERTY



# Concessions

- Dr Juice outlet opened in Check-In Hall in February 2011.
- Extension of Maltatransfer.com contract.
- Extended Vodafone outlet contract.
- Arriva booth at Welcomers' Hall.
- Extended Flite-Bite contract until December 2014.



2011

2010

## Rents

- Signed agreement for building on Apron 3 for Eurojet and AP Limited to be used as office space.
- Agreement for areas on Apron 3 - Malta School Of Flying and Falcon Alliance.
- Agreement with Helihub (helicopter services) to lease office area next to Gate 1.
- Extended DC Aviation office in Check-in Hall.
- Upgraded airline counters in Quarter 3, 2011.
- New staff restroom for Globeground Malta Ltd.

## Airport Parking

- Change in equipment with an investment close to €600,000.
- Agreement with public transport operators and white taxis for use of MIA Terminal roads.

MALTA AIRPORT  
**PARKING** 



# SkyParks Business Centre



Building Works on the Business Centre have progressed during 2011. At the time of compiling this report, construction works were being finalised whilst mechanical and engineering works and finishes were well underway.

To ensure the highest quality of design and efficient performance, SkyParks Development Ltd in 2010 had applied for the BRE Environmental Assessment Method (BREEAM) certification. During 2011, evidence has been submitted and is currently being reviewed by BREEAM as part of the assessment process, the result of which will see SkyParks Business Centre become Malta's first building to have obtained this kind of certification.

Throughout 2011 a facilities management plan was drawn up to secure the smooth-running of operations within the building once tenants move in. In addition to Vodafone Malta, in the past year new tenants have confirmed take-up at the business centre.

## Office tenants:

**Maleth-Aero** (registered locally as Hangar 8 AOC): one of Europe's leading operators of private jets

**Hyperion Aviation:** A newly set up aviation management company

**Orchard Software** - a new foreign IT software company, basing itself in Malta.

**Facilities/Services:** to make the Business Centre more convenient for office tenants and ultimately develop the airport into a corporate and commercial hub:

**Bank of Valletta** (level 1/reception level): relocating its branch from the Terminal to SkyParks.

**Talbot & Bons** (level 1): a concept café and fine food retail outlet. A new local brand set up by Alan Mercieca Bons, the same owner of Del Borgo wine bar in Birgu, and Amy Talbot.

**YoYo Child Care Centre** (level 0): a new venture by Gianni Zammit and Josef Gafà, directors of JUGS Malta. Capacity of 80 children + open during business hours and evenings.

**The Matrix** (level 1): a digital lifestyle store set up by Forestals Group of Companies

**The Mad Hatter Books and Stationery** (level 1): selling greeting cards, newspapers, magazines, small gifts.

The building will also house a fitness and wellness centre, more business-oriented retail, and F&B outlets. SkyParks Business Centre is expected to open in summer with almost 60% occupancy.

**SKYPARKS** BUSINESS CENTRE 



## Advertising

- Commencement of agreement with Clear Channel with upgrade of all media.
- Investment of over €1.75 million.



## La Valette Club

- Libya crisis negatively affected the number of users of the Lounge.
- All the computers at the Lounge were upgraded.
- Extension of lounge planned for 2012.
- Reserved Parking for High Altitude Members.



## Outlook 2012

Recent events have shown - if ever there was any need - that travel and tourism remain a very volatile industry and that Malta International Airport is no exception. The economic and financial situation in its major markets has a direct effect on its performance.

The World Tourism Organisation (UNWTO) forecasts international tourism to continue growing in 2012 although at a slower rate. Global arrivals are expected to increase by 3% to 4% whereas it is forecasting a more modest increase between 2% to 4% for tourism in Europe.

On the other hand, ACI EUROPE's Director-General Olivier Jankovec, has been quoted saying that "the odds are that 2012 will be a different story. Economies have come to a stand-still in many parts of Europe with the sovereign debt crisis, which is also having a ripple effect on growth prospects elsewhere. This will affect demand for air transport."

This is confirmed by the European Commission in its economic forecast for 2012, when it says that no economic growth is expected and that "GDP is forecast to grow at a rate of only 0.5% in the EU and the euro area in 2012."

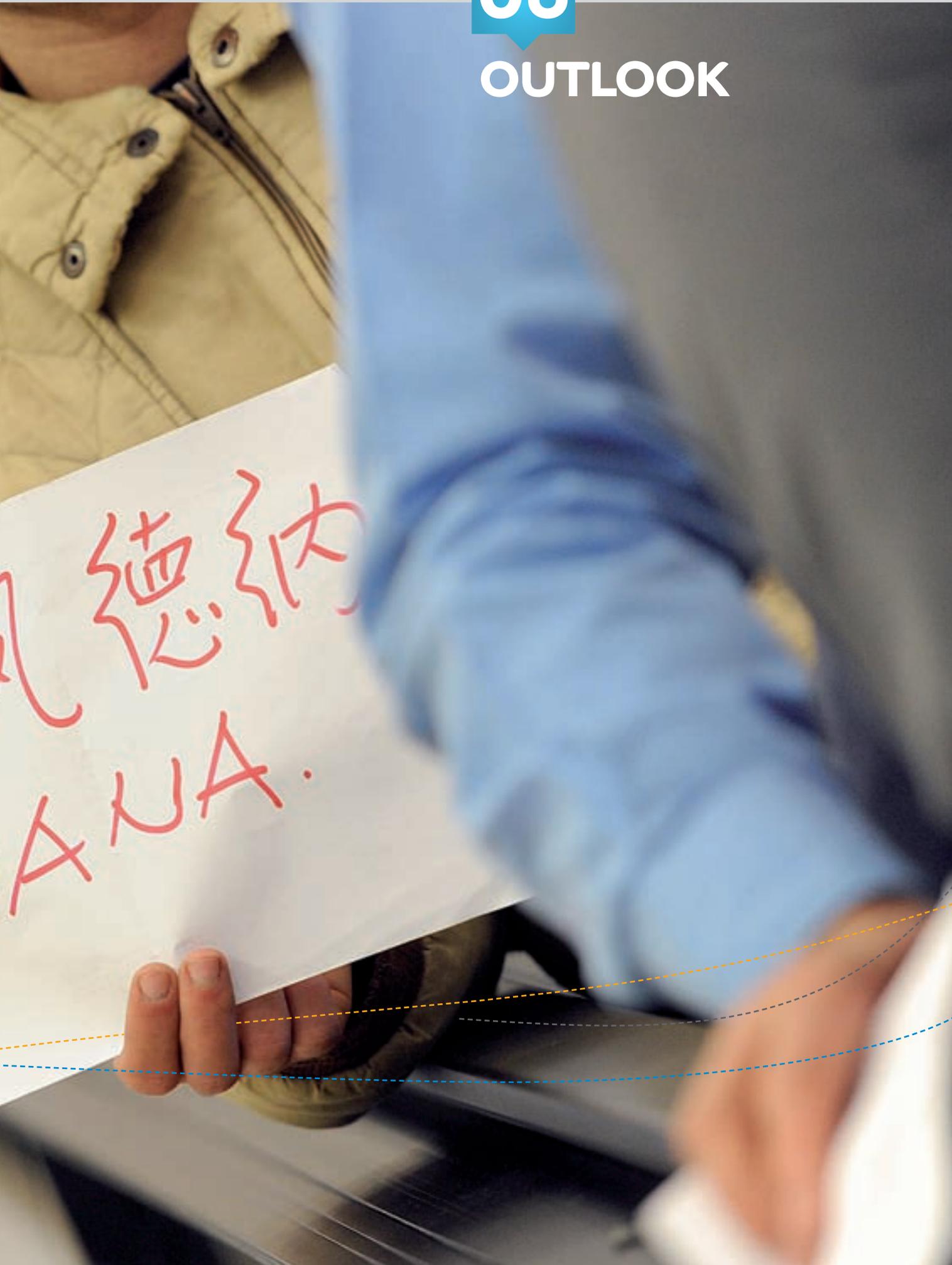
It is in this context that whilst expressing satisfaction at the results achieved in 2011, the Company remains cautious on the outcome of 2012 and is forecasting that passenger numbers for 2012 will be slightly less than the record achieved in 2011, i.e. c. 3.4 million, down 2.8% from the all-time record of 3.5 million achieved last year, but over 3% more than the previous record achieved in 2010. Indeed this is to be considered as a re-alignment with the growth trend prior to the 2011 record.

The forecast for 2012 is being based on various considerations, first amongst which is the European economic crisis which is expected to lessen demand for travel and will adversely affect Malta Airport's core markets - United Kingdom, Italy, Germany, France and Spain. The Company is envisaging a decrease in traffic in the first three months, whereas in the Summer Schedule it is expecting a consolidation of last year's results.

In the first part of 2012, Malta International Airport is celebrating the 20th Anniversary of the inauguration of the Air Terminal, which was officially unveiled on Saturday 8th February 1992. These celebrations will culminate in the unveiling of the SkyParks Business Centre in the summer.

06

# OUTLOOK





**79** metres wingspan

A380 - the largest passenger aircraft to ever land in Malta (see next page)

07

# KEY EVENTS



## February 2011 Crisis in Libya

Between Monday 21st February - when two Libyan Air Force fighter pilots defected and landed at the airport - till Monday 28th February there were a total of 212 aircraft movements directly related to the emergency due to the situation in Libya, with 70 of these movements operated by commercial airlines, 92 movements operated by a number of military aircraft

belonging to various Air Forces, and 50 movements operated by small private aircraft. The total number of passengers evacuated through Malta airport over the same week, was over 4,100.



## February 2011 Malta Airport ranks Best Airport in Europe

On 15th February, Airport Council International announced that Malta International Airport was one of the top performing airports in the annual ACI Airport Service Quality (ASQ) passenger survey, by placing first airport in Europe across all categories, and fourth best airport in the world in the 2 - 5 million passengers category.



## March 2011 Prime Minister Visit

On the 9th of March, Prime Minister Lawrence Gonzi visited Malta International Airport to thank the staff for their sterling work during the Libya emergency. He also thanked workers in other sections and facilities within the airport. Dr Gonzi was welcomed by Chief Financial Officer, Mr Austin Calleja and

toured various areas of the Terminal, including the Aerodrome Operations Unit, the Check-In Hall, the Passenger Screening Security Area, the Schengen Departures Area and the Welcomers' Hall.



## March 2011 Lufthansa A380 Roadshow

The world's largest and most modern aircraft landed at Malta International Airport for the first time ever on Saturday 19th March 2011 at 1504hrs (CET). With a length of 73 metres, a height of 24 metres and a wingspan of 79 metres, the new Lufthansa flagship Airbus A380 was an impressive sight for hundreds of people who gathered round the perimeter of the airfield.

The A380 approached Malta from the south, and the first landing was a touch-and-go, and after turning around over the west of the Maltese Islands, the aircraft landed on the airport's main runway, and taxied directly to the apron which is managed by Lufthansa Technik Malta.

May 2011

## 19th Annual General Meeting Held

On the 5th of May, the 19th Annual General Meeting of Malta International Airport plc was held at the Corinthia Hotel St George's Bay, during which, the Financial Statements of the Company for the financial year ended 31st December 2010 and

the Directors' and Auditors' report as set out in the Annual Report were approved. The AGM also approved a final net dividend of €0.065 per share which represented a total payment of €8,794,500.



August 2011

## Malta Airport Wins Ruban d'Honneur at the European Business Awards 2011

Malta International Airport plc was one of two Maltese companies among 110 companies across Europe that have been awarded the 'Chairman's Selection 'Ruban d'Honneur' prize of the European Business Awards 2011. This category is a

selection of the top 10 businesses which have contributed towards the success of Europe as a whole. Such businesses were considered by the judging panel as having something 'special' to offer.

## September 2011 CEO Takes on Vienna Airport Management Post

Following the announcement of the Supervisory Board of Flughafen Wien AG, on Monday 5th September, Malta Airport CEO, Mr Julian Jaeger took on his new role as one of the new two-Member Management Board at Vienna Airport, responsible for the Aviation Segment. Chief Financial Officer, Mr Austin Calleja was appointed CEO ad interim till the appointment of a new CEO.



## October 2011 3 Millionth Passenger Welcomed

On the 19th of October, Malta International Airport welcomed its 3 millionth passenger for 2011, which was estimated as coming in on Lufthansa flight LH1274 from Frankfurt at 1155hrs. The passenger, 45-year-old Elke Thiel from Germany,

was welcomed at Malta Airport's La Valette Lounge at Arrivals, by Malta Airport's CEO ad interim, Mr Austin Calleja; the Malta Tourism Authority's CEO, Mr Josef Formosa Gauci, and Lufthansa's Malta GM, Sylvain Heydlauf.

## November 2011 No Landing Fees for Winter Schedule

On the 7th of November, the Company announced that for the Winter Schedule - November 2011 to March 2012 - it would be giving a 100% refund to all scheduled airlines on all their landing fees with the aim to stimulate traffic during the shoulder/winter months. With the success registered during the summer, the Company saw the need to invest in the shoulder/winter months by making it easier for airlines to operate to and from Malta.



## November 2011 New CEO Appointed

On the 28th of November, Mr Markus Klaushofer was appointed as the new Chief Executive Officer of Malta International Airport plc, with effect as of the 1st January 2012. For the previous three years, Mr Klaushofer was at Moscow's Sheremetyevo International Airport, first as Divisional Director for Marketing, Sales & Business Development and subsequently as Chief Commercial Officer. Prior to that, he spent over seven years at Vienna International Airport, first as Head of Marketing & Sales (including Cargo) and later took over the added role of Business Development. He also served on the Board of Directors of Malta International Airport plc, between April 2007 and April 2009.



December 2011

## Departures Lounge Open for Locals

On Friday 9th December - between 1900hrs and midnight - the Departures Lounge was opened for locals in an event aimed at the general public, particularly giving the opportunity to all those people who rarely or never travel to experience the feel of going through the airport. On the night, visitors experienced the whole process all passengers go through when travelling. The public was asked to 'Check-in' by queuing up to receive the 'Access Card' which enabled them to go to the Security Screening Area, where they were screened and allowed to

move on to the Schengen and non-Schengen Departures Area, as if they were travelling.

Once entering the main Departures Lounge, everyone was able to shop or dine while experiencing the unique feel of the airport's Departures Area. The date and time chosen for the event did not affect the normal operations at the airport as it was a period during which there were no departing flights.



# Our Role in Society

As in previous years, Malta International Airport plc continued in its Corporate Social Responsibility (CSR) activity via its CSR policy which is built on the role the Company has in Maltese society, as

- an excellent Employer;
- a reliable Business partner and crucial stakeholder in the tourism industry;
- a leading example in Environmental matters; and
- a leader in the Community.

In 2011, the Company revised this policy to reflect better the areas it deems it should contribute towards, and added Tourism as an important pillar for CSR activity. Recognising the fact that we are part of the Tourism Industry and that our success is tied

with Malta's potential as a destination we intend to continue supporting initiatives that aim to improve Malta's tourism product in unique and distinctive ways.

During the period under review, a new system of allocation of funds was launched. A public call for projects was made wherein all interested parties and organisations were asked to apply and submit their proposals. A CSR Advisory Committee made up of various employees analysed the requests and made a shortlist of projects which fitted with the overall pillars, shortlist of which was submitted to the CEO for final selection. Hereunder are some initiatives supported during 2011.

## Culture

- Restoration of the Painting of St Sebastian by Mattia Preti
- The Manoel Theatre
- Festival Mediterranea and Teatru Astra Gozo
- Malta Music Awards

## Sport

- The Malta Rugby Football Union
- The Malta 49ers
- The Malta International Airshow
- VolleyBall Marathon in aid of *Dar tal-Provvidenza*
- *PaqPaqli għall-Istrina* in aid of the Malta Community Chest Fund

Culture



Sport



**Tourism**

- Joseph Calleja Concert
- Discovering the Southern Villages
- Interactive Maltese Heritage Website
- Play Me I'm Yours
- Mdina Medieval Festival

**Environment**

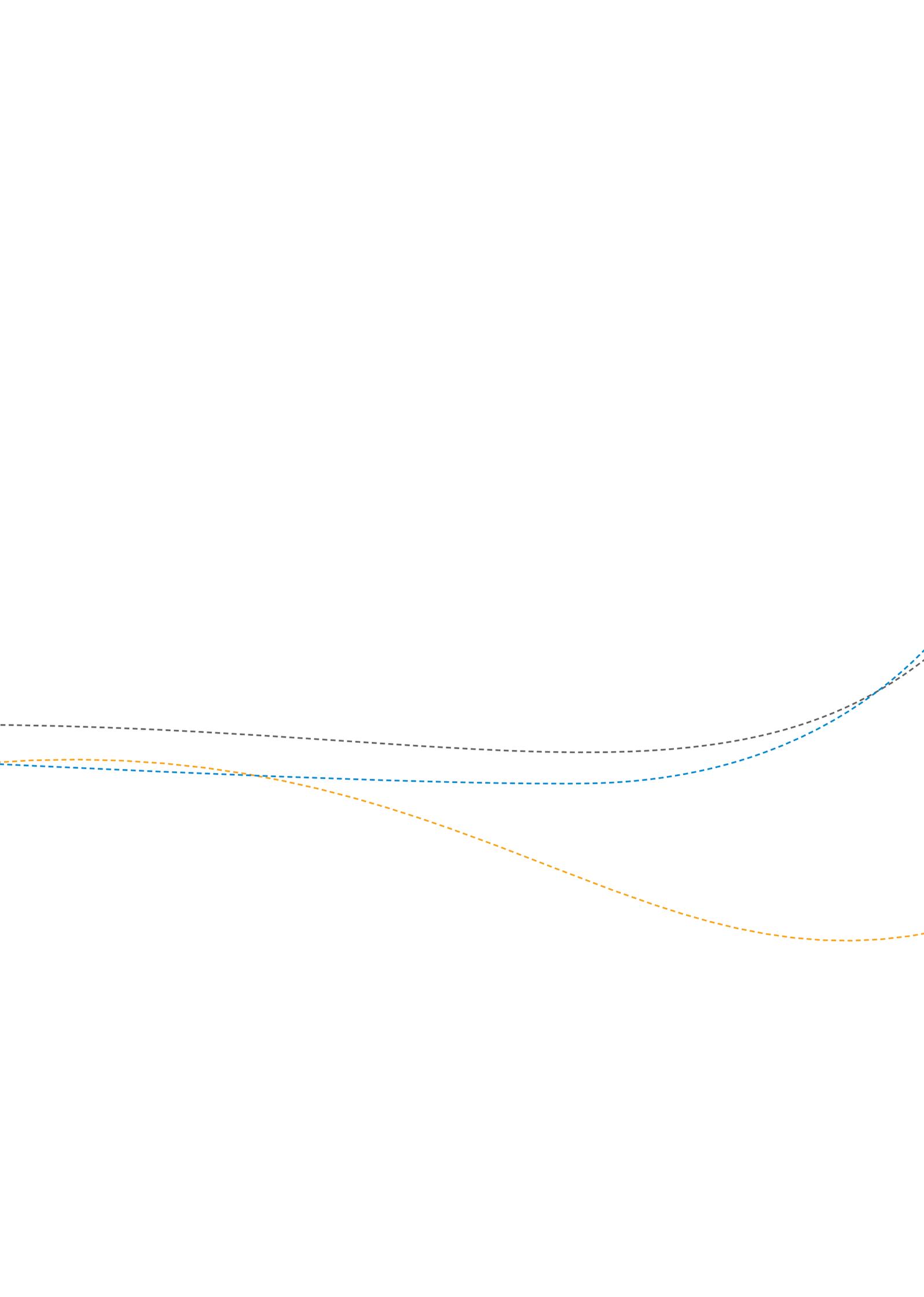
- Energy Saving Measures in two schools
- Tree Planting Campaign
- *Żomm Malta Nadifa* Billboard Campaign



**Way Forward**

By the end of 2012, the Company is planning to issue a publication focused solely on its CSR activity. The concept is that this publication is issued every two years, featuring all the projects supported by the Company in that period.





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