

moving people...







VISION

Our commitment to service quality, remarkable efficiency and outstanding facilities makes Malta Airport a top one in its class and a dynamic link to the world.

TABLE OF CONTENTS

01 INTRODUCTION 06-25

KEY DATA	06-07
<i>Financial Indicators</i>	08
<i>Industry Indicators</i>	08
<i>Stock Market Indicators</i>	08
<i>Revenue by Segment</i>	09
<i>EBIT by Segment</i>	09
<i>EBITDA and EBIT</i>	09
<i>Turnover</i>	09
<i>MIA Share Price vs MSE Share Index</i>	09
Chairman's Message	10
CEO's Review	12
Board of Directors	16
Organisation Structure	20
Risk Management	22
Segments	23
<i>Airport Segment</i>	23
<i>Retail & Property Segment</i>	23
<i>Others Segment</i>	23
Strategy	24
<i>Looking to the future</i>	25

02 MIA SHARES 26-29

<i>Our Story so Far</i>	28
<i>Ownership</i>	28
<i>Performance of MIA Shares</i>	28
<i>MIA Share Price vs MSE Share Index</i>	29
<i>Stock Market Listing</i>	29
<i>Recommendation for Distribution of Profit</i>	29
<i>Financial Calendar 2012</i>	29
<i>Investor Relations</i>	29

03 EMPLOYEES 30-35

Our Employees - Our DNA	32
Reward and Recognition	33
Occupational Health & Safety	33
Training and Development	34
<i>Live the Values</i>	34
<i>Inspire Leadership Training Programme</i>	34
<i>Health and Safety</i>	34
<i>Airport Management Training Programme (AMTP)</i>	34
<i>ADVANCE Diploma in Tourism</i>	34
<i>Other Training</i>	34
Training Plans for 2013	35

04 AVIATION 36-49

Traffic Results	38
<i>Total Passengers</i>	38
<i>Top Five Markets</i>	38
<i>Business Mix</i>	39
<i>Top Five Airlines</i>	40
New Airlines and Routes	41
Airline Strategy	43
CAPEX	44
Operations	46
Security, Fire & Rescue	47
Outsourced Services	48
<i>Ground Handling</i>	48
<i>Services for Persons with Reduced Mobility (PRM)</i>	48
<i>Air Traffic Control</i>	49

05 RETAIL & PROPERTY 50-55

Concessions	52
Rents	52
Airport Parking	52
La Valette Club	53
SkyParks Business Centre	54

06 OUTLOOK 2013 56-57

Outlook 2013	56
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07 KEY EVENTS 58-67

<i>20th Anniversary of Air Terminal Commemorated</i>	60
<i>Best Airport in Europe for Second Consecutive Year</i>	61
<i>Celebrating Employees' 20 Years of Service</i>	61
<i>First Air France Scheduled Service to Malta</i>	62
<i>20th Annual General Meeting Held</i>	62
<i>New Company Chairman</i>	63
<i>Malta Airport Football Team Wins EAFC 15th Edition</i>	63
<i>New Deputy CEO & CCO</i>	64
<i>Updated Incentives Scheme Launched</i>	65
<i>SkyParks Business Centre Officially Opened</i>	65
<i>New Interactive Website Launched</i>	66
<i>New Book on Airport History</i>	66
<i>3.5 Millionth Passenger for the Year Welcomed</i>	67
<i>Departures Lounge Open for Locals Once Again</i>	67

08 OUR ROLE IN THE SOCIETY 68-69

<i>Tourism</i>	68
<i>Environment</i>	68
<i>Sport</i>	68
<i>Culture</i>	69





01

INTRODUCTION

KEY DATA

The Group

	Financial Year 2012	Change in %	Financial Year 2011	Change in %	Financial Year 2010
FINANCIAL INDICATORS					
Total turnover	52.81	0.7	52.43	2.1	51.34
Thereof Aviation	38.29	(2.2)	39.17	2.0	38.39
Thereof Non-Aviation	14.52	9.5	13.26	2.4	12.95
EBIT	20.71	4.5	19.82	8.8	18.22
EBIT margin in %	39.22	3.8	37.80	6.5	35.48
EBITDA	25.80	4.1	24.79	6.7	23.23
EBITDA margin in %	48.85	3.3	47.28	4.5	45.25
ROCE in %	11.85	3.9	11.41	61.2	7.08
Net Profit	12.46	4.6	11.91	11.4	10.69
Cash flow from operating activities	17.99	(10.6)	20.12	(0.7)	20.26
Equity	62.35	5.1	59.33	5.6	56.19
Balance sheet total	154.24	5.5	146.20	8.5	134.73
Capital expenditure	11.64	22.7	9.49	55.8	6.09
Taxes on income	7.00	(0.1)	7.01	11.6	6.28
Average employees for the year	328	(4.7)	344	(6.3)	367

INDUSTRY INDICATORS

MTOW in million tonnes	2.36	1.7	2.32	(2.9)	2.39
Passengers in millions	3.65	4.0	3.51	6.4	3.30
Thereof transfer passengers in thousands	6,264	59.3	3,931	(35.5)	6,091
Flight movements	28,200	0.6	28,022	(3.2)	28,936
Cargo in tonnes	15,105	1.5	14,883	(3.4)	15,407
Seat occupancy in %	78.30	3.0	76.00	7.3	70.8

STOCK MARKET INDICATORS

Shares outstanding in million	135.30	-	135.30	-	135.30
P/E ratio	19.57	1.9	19.20	(8.6)	21.01
Earnings per share in €	0.092	4.5	0.088	11.4	0.079
Net Dividend per share in € *	0.070	-	0.070	7.7	0.065
Net Dividend yield in %	3.889	(6.1)	4.142	5.8	3.916
Pay-out ratio as a % of net profit	76.01	(4.4)	79.53	(3.3)	82.26
Market capitalisation in € million	243.54	6.5	228.66	1.8	224.60
Stock price: high in €	1.80	(2.7)	1.85	11.4	1.66
Stock price: low in €	1.65	10.0	1.50	25.0	1.20
Stock price in €	1.80	6.5	1.69	1.8	1.66
Market weighting in %	8.39	-	8.39	23.2	6.81

* Reporting Year: Recommendation to the Annual General Meeting

REVENUE BY SEGMENT

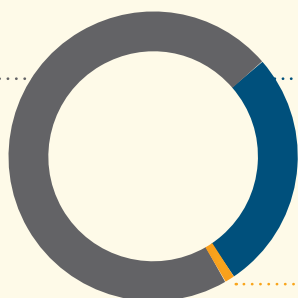
Airport
€38,294,689

Retail & Property
€14,120,236

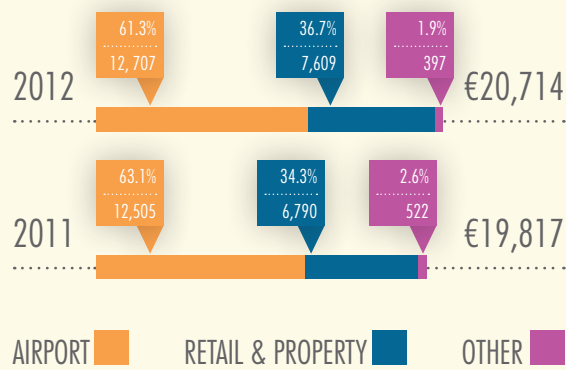
72%

27%

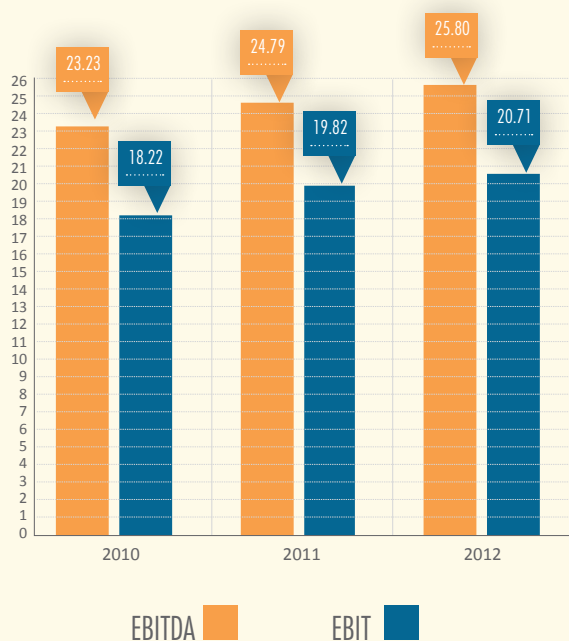
Other
€397,043
1%



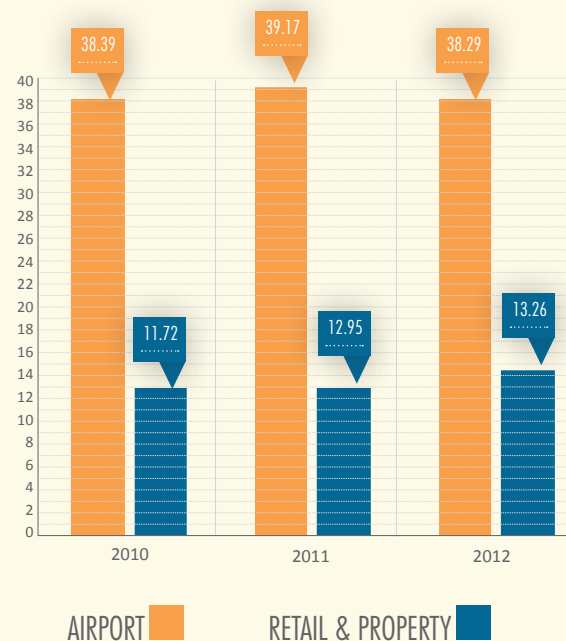
EBIT BY SEGMENT IN € MILLION



EBITDA AND EBIT IN € MILLION



TURNOVER IN € MILLION



MIA SHARE PRICE VS MSE SHARE INDEX

30 December 2011 to 31 December 2012





"2012 HAS BEEN A MOMENTOUS YEAR,
ENABLING US TO TAKE STOCK OF ALL THE ACHIEVEMENTS
OF THE PAST AS WELL AS STRATEGICALLY PLANNING OUT
THE YEARS AHEAD."

CHAIRMAN'S MESSAGE

A remarkable year indeed. In my first year back as Chairman, that is how I would describe 2012 in just a few words. Maybe each and every year that passes has those special moments which for any business are like milestones along the way to further success. 2012 has been a momentous year, enabling us to take stock of all the achievements of the past as well as strategically planning out the years ahead.

On the 20th anniversary since the inauguration of the Air Terminal and the 10th Anniversary since the privatisation process kicked off, 2012 was clearly a record year on all fronts. The record number of passenger movements as well as the record financial year which are explained in detail in this Business Report are just two automatic indicators of what we have managed to achieve, and may I add, against all odds on the international scene.

But there was much more... Looking back, I think that the inauguration of the SkyParks Business Centre was a moment filled with huge significance for all of us. It was a pivotal moment during which we could focus on the importance of the diversification strategy embarked upon by the Group over the last number of years. But not only... it was also the result of hard work spanning the previous five years as well as the start of a new journey which will result in the creation of a new revenue stream for the Group.

One also cannot highlight this new element in our operation without referring to our core business, which is the running of Malta's Gateway to the world. Once again, the high quality level of the services provided at our Airport is a daily accomplishment of our staff and highlights our leading contribution to Malta's crucial tourism industry. I would like to express my sincere appreciation to our management and employees for making our airport one of the best ones in Europe in our category. This does not happen by coincidence, but through sheer hard work and focus.

I would like to conclude with a consideration I made in my speech at the inauguration of the SkyParks Business Centre, when I referred to the Group's achievements thus far as being remarkable and "indeed, the fruit of a philosophy and synergy of shareholders and management combined, creating an entity which is big enough to make a difference but small enough to care about their investment".

MESSAĠĠ TAČ-CHAIRMAN

Sena tabilhaqq notevoli. Dan huwa f'sintesi l-mod kif niddeskrivi l-2012, li hija wkoll l-ewwel sena tiegħi lura bħala *Chairman*. Forsi kull sena li tgħaddi għandha daww il-mument speċjali li kull negozju jqis bħala fażijiet kruċjali għal kisba ta' aktar suċċessi. Inqis l-2012 bħala sena radikali, li tatna l-possibbiltà li nanalizzaw il-kisbiet li għamilna fil-passat filwaqt li nipplanaw b'mod strateġiku għas-snin li ġejjin.

Fis-sena tal-20 anniversarju minn meta kien inawgurat it-Terminal u l-10 anniversarju minn meta nbeda l-proċess ta' privatizzazzjoni, m'hemmx dubju li l-2012 kienet sena rekord f'diversi oqsma. In-numru rekord ta' passiġġieri, kif ukoll is-sena finanzjarja rekord li qed nirrapurtaw dwarhom fid-dettall f'dan id-dokument huma biss żewġ indikaturi ta' dak li rnexxielna niksbu, minkejja dak li kien għaddej fix-xena internazzjonali.

Iżda kien hemm ħafna aktar... Meta wiehed iħares lura, naħseb li l-inawgurazzjoni ta' SkyParks Business Centre kien mument mimli b'sinifikat kbir għalina lkoll. Kien mument kruċjali li matulu stajna niffukaw fuq l-importanza tal-istrateġija ta' diversifikazzjoni li l-Grupp beda jadotta matul l-aħħar snin. Imma mhux biss... kien ir-riżultat ta' ħidma sfieqa li saret fl-aħħar ħames snin u kif ukoll il-bidu ta' vjaġġ ġdid li se jirriżulta fil-ħolqien ta' sors ġdid ta' dħul finanzjarju għall-Grupp.

Wiehed ma jistax jenfasizza dan l-element ġdid fil-ħidma tagħna mingħajr ma jirreferi għall-operat fundamentali tagħna, li hu l-immaniġġjar tal-infrastruttura li tgħaqqad lil Malta mal-kumplement tad-dinja. Għal darb'ohra, il-livell ta' kwalità għolja tas-servizzi li noffru fl-ajruport tagħna huwa l-kisba li ta' kuljum jagħmlu l-impjegati tagħna u jenfasizza l-kontribut ewlieni tagħna għall-industrija kruċjali tat-turiżmu. Nixtieq nesprimi l-apprezzament sincier tiegħi lill-*management* u l-impjegati talli bil-ħidma tagħhom irnexxielhom jagħmlu l-ajruport tagħna fost l-aqwa fl-Ewropa fil-kategorija tagħna. Dan ma seħħ b'kumbinazzjoni, iżda permezz ta' impenn, ħidma u attenzjoni.

Nixtieq nikkonkludi bi ħsieb partikolari li kont għamilt fid-diskors tiegħi fl-inawgurazzjoni ta' SkyParks Business Centre, meta rreferajt għall-kisbiet tal-Grupp bħala importanti u "fil-fatt, huma r-riżultat tal-filosofija u s-sinerġija bejn l-azzjonisti u l-*management* flimkien, li rnexxielhom joħolqu entità kbira biżżejjed li thalli impatt importanti, iżda relattivament żgħira biżżejjed li tibqa' tiegħu ħsieb l-investment tagħhom".



Michael Hoefler
Chairman

CEO'S REVIEW

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"Without continual growth and progress, such words as improvement, achievement and success have no meaning."
Benjamin Franklin

This quote by US politician and inventor Benjamin Franklin came to mind when I was reflecting on our performance in recent years... years of records and successes. Undoubtedly, we need to keep our feet stuck firmly on the ground, intent on building a solid future whilst consolidating the achievements thus far. The contents of this Business Report are very positive indeed and project us into the future with cautious optimism.

TRAFFIC

For the third consecutive year, the passenger traffic at our Airport increased over the previous year, reaching a record 3.65 million or 4.1% more than 2011. Aircraft movements were marginally higher at 28,200 movements or 0.6% more than last year whilst cargo and mail handled throughout the year reached 16,489 tonnes or 1.6% higher than the previous year.

FINANCIAL RESULTS

The revenue of the Group increased from €52.4 million to €52.8 million. The revenue from the Airport Segment however, decreased from €39.2 million to €38.3 million whilst the Retail & Property Segment increased from €12.6 million to €14.1 million.

The Earnings before Interest, Taxation Depreciation and Amortization (EBITDA) of the Group increased by 4.05%; from €24.79 million to €25.8 million and the EBITDA margin increased from 47.28% to 48.84%. There was also an increase in profit before tax. Profit increased from €18.92 million to €19.46 million, an increase of 2.8%. The total comprehensive income for the year attributable to shareholders net of tax for the Group also increased from €11.9 million to €12.46 million, an increase of 4.71% over the previous year.

These results reflect the increased volume of traffic as well as the strict control exercised on the costs of the Group, in a business environment with a high level of fixed costs.

REVENUES

Revenues from the airport segment constitute 72.5% of the total revenues of the Group (2011: 74.7%). Aviation-related revenues remain the most important income stream of the Group notwithstanding the fact that the aviation charges to airlines have not changed since 2007.

REVIEW TAL-KAP EŻEKUTTIV

.....
"Kliem bħal titjib, kisbiet u suċċess m'għandhom l-ebda tifsira mingħajr tkabbir u progress kontinwu."
Benjamin Franklin

Ġieni f'moħħi dan il-ħsieb tal-politiku u inventur Amerikan Benjamin Franklin meta rriflettejt fuq il-prestazzjoni tagħna fis-snin li għaddew... snin ta' rekords u suċċessi. Bla dubju, għandna bżonn nżommu saqajna mal-art, bl-għan li nkomplu nibnu biex nikkonsolidaw il-kisbiet s'issa. Il-kontenut ta' dan ir-Rapport hu pożittiv ħafna u ninsabu f'qagħda li nħarsu lejn il-futur b'ottimizmu kawt.

TRAFFIKU

Għat-tielet sena konsekuttiva, in-numru ta' passiġġieri li għaddew mill-Ajruport żdied fuq is-sena preċedenti, u laħaq rekord ta' 3.65 miljuni, jew 4.1% aktar mill-2011. In-numru ta' titjiriet żdied marginalment għal 28,200, jew 0.6% aktar mis-sena ta' qabel, filwaqt li l-merkanzija u l-posta matul is-sena laħqu 16,489 tonnelli metriċi jew 1.6% aktar mis-sena preċedenti.

RIŻULTATI FINANZJARJI

Id-dħul tal-Grupp żdied minn €52.4 miljuni għal €52.8 miljuni. Id-dħul mill-Airport Segment madankollu, naqas minn €39.2 miljuni għal €38.3 miljuni filwaqt li r-Retail & Property Segment żdied minn €12.6 miljuni għal €14.1 miljuni.

Il-Qligh qabel Interessi, Tassazzjoni, Deprezzament u Amortizzazzjoni (EBITDA) żdied b'4.05%; minn €24.79 miljuni għal €25.8 miljuni u l-margini EBITDA żdied minn 47.28% għal 48.84%. Kien hemm ukoll żieda fil-profitt qabel it-taxxa. Fil-fatt, il-qligh żdied minn €18.92 miljuni għal €19.46 miljuni, li jissarraf f'żieda ta' 2.8%. Il-profitt nett komplessiv tal-Grupp żdied minn €11.9 miljuni fl-2011 għall-ammont rekord ta' €12.46 miljuni, u li jfisser żieda ta' 4.71% fuq is-sena ta' qabel.

Dawn ir-riżultati jirriflett u l-volum akbar ta' passiġġieri, kif ukoll il-kontroll strett li twettaq fuq l-ispejjeż tal-Grupp, f'ambjent kummerċjali li għandu livell għoli ta' spejjeż fissi.

DĦUL

Id-dħul mill-Airport Segment jikkostitwixxi 72.5% tad-dħul totali tal-Grupp (2011: 74.7%). Id-dħul relatat mal-avjazzjoni jibqa' l-income stream l-aktar importanti tal-Grupp minkejja l-fatt li l-hlasijiet għal-linji tal-ajru ilhom ma jinbidlu sa mill-2007.



"I AM MORE THAN CONFIDENT THAT WE CAN
KEEP ON PERFORMING AT THESE HIGH LEVELS,
ULTIMATELY PROVIDING MALTA WITH A GATEWAY
TO THE WORLD THAT ALL MALTESE CAN BE PROUD OF."

Revenue from the Retail & Property Segment increased by 11.8%. This significant increase in revenue is due to the good performance of the retail outlets for non-EU passengers as well as to the higher activity in the property rental sector for airfield and landside areas. The revenues from Retail & Property Segment constitute 26.7% (2011: 24.1%) of the total revenue of the Group.

OPERATING COSTS

The operating costs of the Group were marginally lower than those of 2011. Utility costs were up from €2.8 million to €3.1 million, maintenance costs of buildings and equipment were up from €1.53 million to €1.71 million, and marketing costs were also up from €2.53 million to €2.83 million. There were also marginal increases in other operational costs such as legal and professional fees, rents payable, charges related to services to Persons with Reduced Mobility (PRM), staff costs and security fees. On the other hand, there were no staff early retirement schemes in 2012 nor were there increases in the provision for bad debts; hence the overall reduction in the operating costs of the Group.

As regards non-operating costs and revenues, there was a 2.1% increase in the depreciation charge for the year, from €4.98 to €5.08 million and in finance costs, from €1.68 to €2.15 million. Both increases are mostly due to SkyParks Business Centre which became operational half way through the year, increasing both the depreciation charge of the Group as well as the cost of financing of this project. On the positive side, the financial income increased from €0.497 to €0.613 million.

INVESTMENTS MADE DURING THE YEAR

As expected, in the year under review, the Group's major focus as far as investments are concerned was the completion and inauguration of SkyParks Business Centre. The building was inaugurated on the 27th September 2012. Tenants started moving into the building from November 2012. By the end of the financial year, 80% of the floor space of the building was contracted out.

SERVICE QUALITY & PERFORMANCE

Once again, our Airport ranked as one of the top airports in Europe for 2012, achieving second place in the annual ACI Airport Service Quality (ASQ) passenger survey. This follows two consecutive first placings achieved in 2010 and 2011 in this same survey. Our ongoing presence at the top of the world's leading Airport Passenger Survey is a sign that the efforts and investments on the quality service levels are reaping the desired results.

OUTLOOK

One of the drivers for the remarkable growth in passenger numbers over the last three years was the increase in average seat load factors of flights in and out of Malta. In 2012, the average load factor reached 78.3% compared to 76% in 2011. The month of September 2012 marked the end of an

Id-dhul mir-Retail & Property Segment żdied bi 11.8%. Din iż-żieda sinifikanti fid-dhul hija dovuta għall-prestazzjoni tajba tal-ħwienet għall-passiġġieri li jivvjaġġaw barra mill-U.E., u kif ukoll għal aktar attività fis-settur tal-proprjetà, b'kirjiet f'żoni differenti kemm *airside* u kif ukoll *landside*. Id-dhul mir-Retail & Property Segment jikkostitwixxi 26.7% (2011: 24.1%) tad-dhul totali tal-Grupp.

SPEJJEŻ OPERATTIVI

L-ispejjeż operattivi kienu f'it inqas minn dawk tal-2011. Dawk relatati ma' dawl u ilma żdiedu minn €2.8 miljun għal €3.1 miljun, l-ispejjeż tal-manutenzjoni ta' bini u tagħmir żdiedu minn €1.53 miljun għal €1.71 miljun, filwaqt li l-ispejjeż tal-marketing żdiedu minn €2.53 miljun għal €2.83 miljun. Kien hemm ukoll żidiet żgħir fl-ispejjeż operattivi oħra bħal miżati legali u professjonali, kirjiet pagabbli, ħlasijiet għas-servizz għal persuni b'mobbiltà ridotta (PRM), l-ispejjeż tal-impjegati u dawk marbutin mas-sigurtà. Min-naħa l-oħra, ma kienx hemm skemi ta' rtirar kmieni għall-impjegati fl-2012 u lanqas kien hemm żidiet fil-provvista għal *bad debts*; u kien għalhekk li kien hemm tnaqqis globali fl-ispejjeż operattivi tal-Grupp.

F'dawk li huma spejjeż u dhul mhux operattivi, kien hemm żieda ta' 2.1% fl-ispiża tad-deprezzament għas-sena, minn €4.98 miljun għal €5.08 miljun; u fl-ispejjeż finanzjarji, minn €1.68 miljun għal €2.15 miljun. Iż-żewġ żidiet huma dovuti l-aktar għal SkyParks Business Centre li beda jkun operattiv matul is-sena, li jzid kemm l-ispiża tad-deprezzament tal-Grupp kif ukoll l-ispiża ta' finanzjament ta' dan il-proġett. Minn aspett pożittiv, id-dhul finanzjarju żdied minn €0.497 miljun għal €0.613 miljun.

INVESTIMENTI LI SARU MATUL IS-SENA

Kif mistenni, l-investment ewlieni tal-Grupp matul l-2012 kien iffukat fuq it-tlestija u l-inawgurazzjoni ta' SkyParks Business Centre. Il-bini kien inawgurat fis-27 ta' Settembru 2012. Il-klijenti bdew deħlin fl-uffiċċji tagħhom minn Novembru 2012. Sal-aħħar tas-sena finanzjarja, 80% tal-ispazju tal-bini kien diġà ngħata b'kuntratt.

IL-KWALITÀ TAS-SERVIZZ LI NOFFRU

Għal darb'oħra, l-Ajruport tagħna kklassifika bħala wiehed fost l-aqwa fl-Ewropa għall-2012, meta kiseb it-tieni post fl-istħarriġ tal-passiġġieri tal-ACI *Airport Service Quality* (ASQ). Dan isegwi l-ewwel post li nkiseb fl-2010 u l-2011 f'dan l-istess stħarriġ. Il-preżenza kontinwa tagħna fil-quċċata ta' dan l-istħarriġ ewlieni tal-passiġġieri huwa sinjal ċar li l-isforzi u l-investimenti li qed nagħmlu fil-kwalità tas-servizz li noffru qed iħallu r-riżultat mixtieq.

ĦARSA 'L QUDDIEM

Wiehed mill-fatturi ewlenin għat-tkabbir notevoli fl-għadd tal-passiġġieri matul l-aħħar tliet snin kien iż-żieda fis-*seat load factor* medju fuq it-titjiriet minn u lejn Malta. Fl-2012, is-*seat load factor* medju lahaq 78.3% meta mqabbel mas-76% fl-2011. F'Settembru 2012 intemm il-perjodu rekord ta' 18-il

18-month consecutive record in seat load factor performance. For the home carrier, Air Malta, seat capacity for the second year running remained constant despite the fact the airline removed two aircraft from its fleet since the beginning of the restructuring plan in 2010. In 2012, Ryanair yet again increased its presence significantly in Malta with the launch of seven new destinations in summer. Growth was also registered from the legacy carrier segment, with Air France launching a two-weekly flight from Toulouse and additional capacity by Lufthansa being deployed on Munich.

Moving forward, Air Malta and easyJet are expected to be deploying more or less the same capacity in 2013 as the previous year, whilst Ryanair will be launching an additional three new routes as from this summer. Moreover we will be welcoming quite a few new players in the market as from summer 2013, including Monarch Airlines, Air Baltic, Transavia France, Wizz Air and Turkish Airlines. This additional capacity will help achieve an increase in the summer seat capacity but we expect a marginal drop in the record seat load factor achieved in 2012.

As a final consideration we are closely monitoring the global economic scene and the risk of further deterioration of the economic outlook as State policies are failing in restoring consumer confidence in our source markets. The International Monetary Fund (IMF) has in fact downgraded the global growth to 3.6% from 3.9% with forecasts for the Euro area showing only a marginal increase of 0.7% for 2013.

On its part, the Airports Council International (ACI) Europe has recently come out with a rather pessimistic statement: "a difficult start to the year (2013) for many airports in Europe - especially in the EU market where nearly 80% of airports saw their passenger traffic declining. Even most of the usually resilient EU hubs lost traffic, while the recession at regional airports is getting nasty".

Notwithstanding these predictions of macroeconomic conditions, the Group believes that it is well placed to meet these challenges and save for unforeseen economic and market conditions, to continue to achieve positive results.

CONCLUSION

To call the times ahead as challenging would be a mere understatement. The travel and tourism industry has shown year in year out that it is volatile and even short-term predictions are difficult to make. What we have managed to achieve in recent years was neither easy nor did it happen automatically. With the sheer determination of the Board of Directors, the unyielding hard work by management and staff, and most of all the continuous support of our shareholders, I am more than confident that we can keep on performing at these high levels, ultimately providing Malta with a gateway to the world that all Maltese can be proud of.

xahar konsekuttiv li matulu kien hemm żieda fis-*seat load factor* medju. Għal-linja nazzjonali Air Malta, is-*seat load factor* medju baqa' kostanti għat-tieni sena konsekuttiva minkejja l-fatt li neħhiet żewġ ajruplani mill-flotta tagħha hekk kif bdiet il-pjan ta' ristrutturar fl-2010. Fl-2012, ir-Ryanair għal darb'ohra żied il-preżenza tiegħu f'Malta b'mod sinifikanti bit-tnedija ta' seba' destinazzjonijiet godda fis-sajf. It-tkabbir kien ukoll irreggistrat mis-settur tal-linji tal-ajru *legacy*, bl-Air France tnedi titjira darbtejn fil-gimgha minn Toulouse u b'żieda ta' titjiriet mil-Lufthansa fuq ir-rotta ta' Munich.

Għall-2013, l-Air Malta u l-easyJet huma mistennija li jżommu l-istess numru ta' *seats* bħall-2012, filwaqt li r-Ryanair se jnedi tliet rotot godda dan is-sajf. Barra minhekk se nkunu qed nilqgħu numru sabiħ ta' linji tal-ajru godda fis-sajf tal-2013: Monarch Airlines, Air Baltic, Transavia France, Wizz Air u Turkish Airlines. Din il-kapaċità addizzjonali se tgħin sabiex tintlaħaq żieda fis-*seat capacity* matul is-sajf imma huwa mistenni li jkollna tnaqqis marginali fis-*seat load factor* medju meta mqabbel mar-rekord miksub fl-2012.

Bħala konsiderazzjoni finali, qed insegwu mill-qrib ix-xena ekonomika globali u r-riskju ta' aktar deterjorament mill-perspettiva ekonomika hekk kif il-*policies* Statali fis-swieq prinċipali tagħna mhux qed jirnexxielhom jirrestawraw il-fiduċja tal-konsumatur. Fil-fatt, il-Fond Monetarju Internazzjonali (IMF) naqqas ir-rata tat-tkabbir globali mistenni minn 3.9% għal 3.6%, bi tbassir għaž-żona Ewro li juri biss żieda marginali ta' 0.7% għall-2013.

Min-naħa tiegħu, l-Airports Council International (ACI) Europe reċentement ħareġ bi sqarrija pjuttost pessimista: "kien bidu diffiċli għas-sena (2013) għal ħafna ajruporti Ewropej – speċjalment dawk fl-U.E. fejn kważi 80% tal-ajruporti raw tnaqqis fin-numru tal-passiġġieri tagħhom. Anki dawk l-ajruporti li s-soltu huma l-aktar b'saħħithom esperjenzaw tnaqqis fit-traffiku, filwaqt li r-reċessjoni fl-ajruporti reġjonali qed issir wahda terribli."

Minkejja dawn il-previżjonijiet tal-kundizzjonijiet makro-ekonomiċi, il-Grupp jemmen li dment li ma jkunx hemm kundizzjonijiet kummerċjali mhux mistennija, jinsab f'qagħda tajba li jilqqa' għal dawn l-isfidi u jkompli jikseb riżultati pożittivi.

KONKLUŻJONI

Huwa pjuttost riduttiv li wieħed jgħid li ż-żmien li ġej se jkun wieħed ta' sfida. Matul is-snin, l-industrija tat-turiżmu u l-ivjaġġar uriet li hija volatili u li huwa ferm diffiċli li wieħed jagħmel previżjonijiet, anke jekk għal perjodu qasir. Dak li rnexxielna niksba fis-snin li għaddew la kien faċli u lanqas ma seħħ bl-addoċċ. Bid-determinazzjoni tal-Bord tad-Diretturi, bil-ħidma sfieqa tal-*management* u l-impjegati, u fuq kollox bl-appoġġ kontinwu tal-azzjonisti tagħna, ninsab fiduċjuż li nistgħu nibqgħu noperaw fil-livell għoli li ksibna, u nibqgħu nipprovdur ajruport xieraq li l-Maltin kollha jistgħu jkunu kburin bih.



Markus Klaushofer
Chief Executive Officer

BOARD OF DIRECTORS



YOUSSEF SABEH
DIRECTOR



MICHAEL
HOEFERER
CHAIRMAN

NIKOLAUS
GRETZMACHER
DIRECTOR



AUSTIN CALLEJA
DEPUTY CEO
& CHIEF FINANCIAL OFFICER



JACKIE CAMILLERI
DEPUTY CHAIRMAN





MICHAEL J.
BIANCHI
DIRECTOR

MARKUS
KLAUSHOFER
CHIEF EXECUTIVE OFFICER

ALAN BORG
CHIEF COMMERCIAL OFFICER

LOUIS
DE GABRIELE
COMPANY SECRETARY

*Photo taken at the High Altitude Room,
La Valette Club Lounge*

BOARD OF DIRECTORS

MICHAEL HOEFERER

Chairman

Mr Hoeferer was born in 1959 and is a graduate in economics, history and public relations. He began his career with Austrian Airlines in the marketing & planning division, where later he was responsible for marketing strategy before being appointed vice president of operations in 1994.

In 1996 Mr Hoeferer was appointed chief executive officer of the Austrian National Tourist Organisation. He was also president of the Alpine Tourist Commission and served for several terms on the board of the European Travel Commission, the board of directors of Austrian Travel Agents and Tour Operators as well as the advisory board of Austrian Airlines.

In 2001, Mr Hoeferer joined Vienna International Airport where he was appointed senior executive vice president for airline and terminal services, as well as CEO of Vienna International Holdings.

Mr Hoeferer has already been Chairman of Malta International Airport plc, between 2003 and 2007.

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.

MARKUS KLAUSHOFER

Chief Executive Officer

Mr Klaushofer took over the reins of the Company on 1st January 2012. Before his appointment, he spent three years 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 39 years old, was born in Vienna, Austria and has attended the Law School of the University of Vienna.

Mr Klaushofer served on the Board of Directors of Malta International Airport plc, between April 2007 and April 2009.

AUSTIN CALLEJA

Deputy CEO & Chief Financial Officer

Mr Calleja joined the Company 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.

ALAN BORG

Chief Commercial Officer

Mr Borg joined the Company in 2007 as Manager in the Airline Marketing Department and was involved in securing new airline operations from various new European destinations. He was appointed Head of Airline Marketing in 2008 and in 2009 he was given the added responsibility of General Manager of SkyParks Business Centre. He graduated in Hotel Operations from the Institute of Tourism Studies and joined the Company after serving as Sales Manager with the Island Hotels Group.

Apart from SkyParks Business Centre and airline marketing, Mr Borg is responsible also for Airport Parking, advertising, rents, commercial outlets and VIP services.

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. He 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.

NIKOLAUS GRETZMACHER

Director

Nikolaus Gretzmacher was born in 1975. He graduated in Economics from the University of Vienna and joined the Business Development team at Vienna Airport in 2003. Three years later he was appointed Head of Strategic Planning and Shareholdings Management.

In 2007 he completed his Executive MBA and was appointed Deputy Chief of Staff at the Ministry of Transportation, Innovation and Technology under Werner Faymann. In 2009 he became Chief of Staff to the State Secretary, Josef Ostermayer, at the Austrian Federal Chancellery. In October 2011 he returned to Vienna Airport as Senior Vice President Operations.

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, Dr Sabeh is President of SEATLP (Société d'exploitation de l'Aéroport Tarbes-Lourdes-Pyrénées) and a director of Malta International Airport plc since 2009. 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.

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.



ALAN BORG
CHIEF COMMERCIAL OFFICER



MARKUS
KLAUSHOFER
CHIEF EXECUTIVE OFFICER



GEORGE MALLIA
RETAIL & PROPERTY

ORGANISATION STRUCTURE

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 three (3) 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 Executive Committee – headed by the Chief Executive Officer – and the Audit Committee each of which operate under formal terms of reference.

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. The Executive Committee meets an average of three times a month.

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 has met five (5) times.



CHARLES ABELA
TECHNICAL SERVICES



AUSTIN CALLEJA
DEPUTY CEO &
CHIEF FINANCIAL OFFICER



RODERICK BAJADA
HR, ADMINISTRATION &
CUSTOMER SERVICE



PATRICK CUSCHIERI
SECURITY, FIRE & RESCUE



MARTIN DALMAS
AIRPORT OPERATIONS



REUBEN SCIBERRAS
PR & CORPORATE
COMMUNICATIONS



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 & 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 SkyParks Business Centre Ltd and Airport Parking Ltd also falls under this segment.

STRATEGY

.....

The long-term strategy adopted by the Group is that of the consolidation of its core business activity, i.e. the airport operation, together with a diversification strategy to further build on its Retail & Property offer. All this, encompassing the overarching objective of providing excellence at all stages of the passenger experience.

Consolidation and growth in the aviation segment is achieved by remaining competitive, especially through an Incentive Scheme via which the Company supports its airline clients. These incentives include the waiving of the landing fees in

winter, and reduced airport charges on new or underserved routes, amongst others.

In the Retail & Property Segment, the major development during 2012 was the completion and the inauguration of SkyParks Business Centre in September.

All this is further augmented 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 takes account of actual market trends. It is a crucial planning tool for the Group and is primarily intended to foresee any infrastructural needs to sustain the expected passenger throughput and aircraft operations and consequently, allows the Group to plan the capital expenditure outflows required.

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 aim is to make the best use of existing facilities, not only without compromising the existing quality levels, but more so aimed at achieving higher levels of comfort for all our passengers.



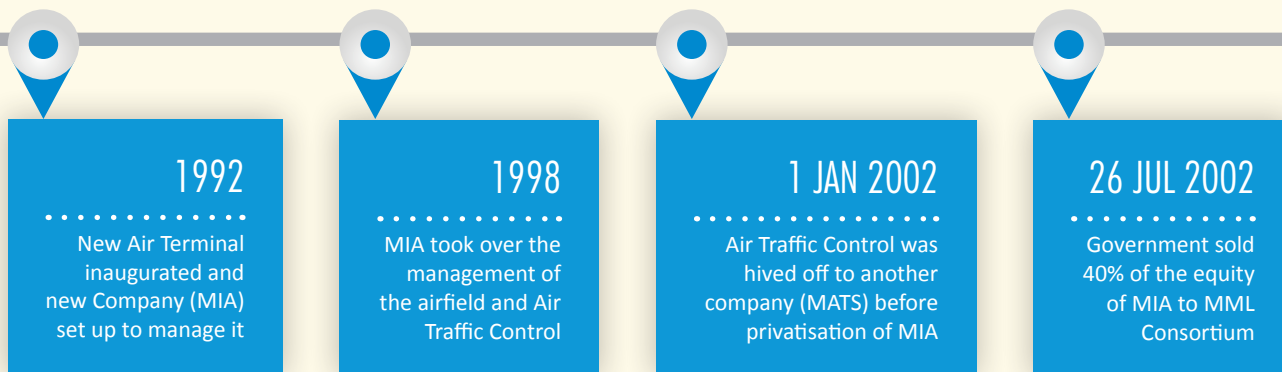


A blurred background image showing three women sitting in an office or meeting room. The woman on the left is wearing a dark top, the woman in the middle is wearing a grey sweater, and the woman on the right is wearing a dark top and glasses, holding a phone to her ear. Behind them is a large, colorful abstract painting with vertical stripes in orange, red, and blue.

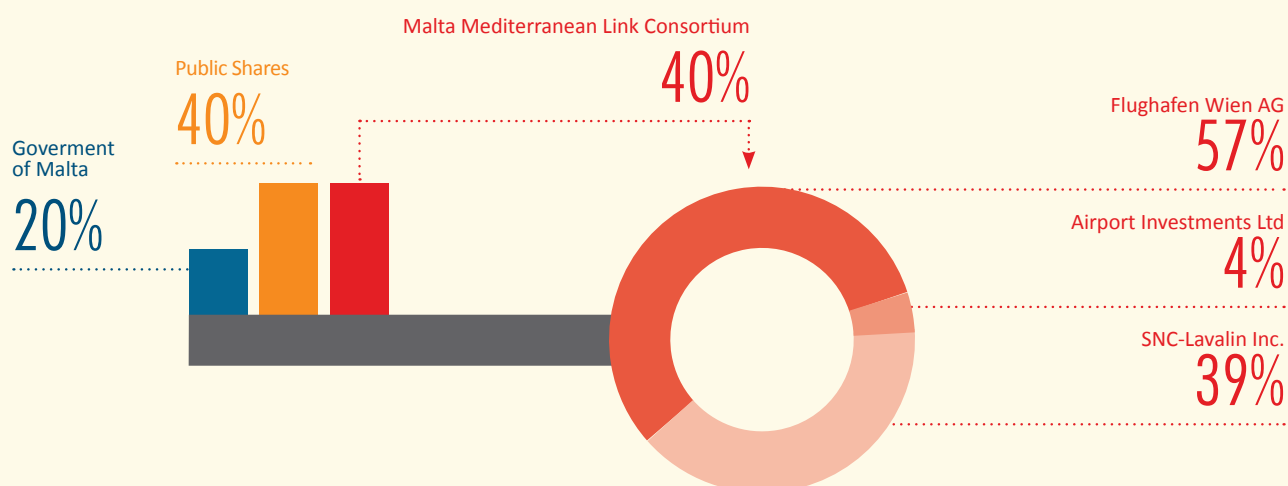
02

MIA SHARES

OUR STORY SO FAR



OWNERSHIP



PERFORMANCE OF MIA SHARES

	2012	2011	2010	2009	2008
Shares outstanding in million	135.30	135.30	135.30	67.65	67.65
P/E ratio	19.57	19.20	21.01	18.36	19.53
Earnings per share in €	0.09	0.09	0.08	0.131	0.128
Net dividend per share in € *	0.07	0.07	0.07	0.117	0.117
Net dividend yield in %	3.89	4.14	3.92	4.875	4.680
Pay-out ratio as a % of net profit	76.01	79.53	82.26	89.51	91.35
Market capitalisation in € million	243.54	228.66	224.60	162.36	169.13
Stock price high in €	1.80	1.85	1.66	2.50	3.38
Stock price low in €	1.65	1.50	1.20	2.00	2.20
Stock price as at 31 December in €	1.80	1.69	1.66	2.40	2.50
Market weighting in %	8.39	8.39	6.81	3.59	3.94

Stock Market Indicators for 2008 to 2009 are based on 67,650,000 shares.

Following the 2:1 share split on 1 June 2010, the indicators for 2010, 2011 and 2012 are based on 135,300,000 shares

* Reporting year: recommendation to the Annual General Meeting

15 DEC 2002

Government sold 20% of the equity of MIA to the Public

5 OCT 2005

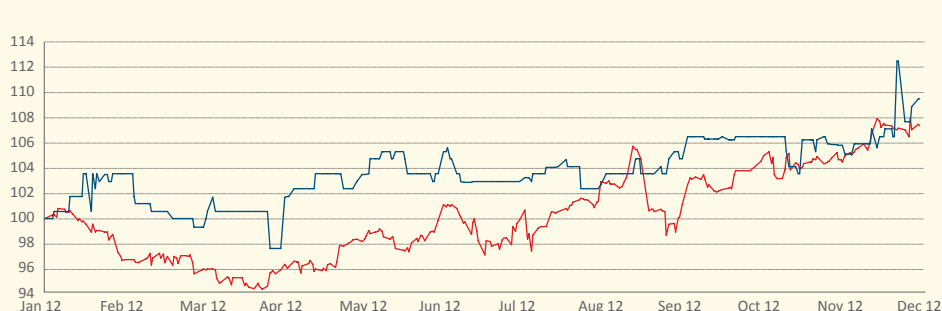
Government sold a further 20% of the equity of MIA to the Public

27 SEPT 2012

SkyParks Business Centre Inaugurated

MIA SHARE PRICE VS SHARE INDEX

30 December 2011 to 31 December 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 2012 financial year of Malta International Airport plc closed with a net profit of €12,931,417. A net interim dividend of €4,059,000 (€0.03 cents per share based on 135,300,000 shares) was paid in September 2012 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 19 April 2013 which dividend shall be paid by not later than the 5 June 2013. The total net dividend paid and proposed for the financial year 2012 is therefore €0.070 per share or €9,471,000 which is 73.2% of the total net profit for the year.

FINANCIAL CALENDAR 2013

Close of Shareholders' Register	19 April 2013
Annual General Meeting	21 May 2013
Payment	5 June 2013

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 addition to interim and final reports, Company Announcements are issued on all the relevant information emanating from the Company, which include monthly traffic statements.

Apart from **MIALink** - the tri-annual newsletter which is sent to all shareholders - the Investors Helpline and the Investors' Area on the company's webportal are used by shareholder on a daily basis to stay in touch with the Company.

At least twice annually, presentations are made for stockbrokers and financial institutions giving detailed financial and operational information on the Company.

An Investor Relations Team was also set up and consists of the Deputy CEO & CFO Austin Calleja, the Head PR & Corporate Communications Reuben Sciberras and Rizzo Farrugia & Co (Stockbrokers) Ltd Director, Edward Rizzo.



A photograph of an Emirates aircraft on a tarmac. In the foreground, the rear of a yellow ground support vehicle with blue and orange checkered patterns is visible. A mobile staircases is positioned against the aircraft. The website 'www.emirates.' is visible on the fuselage.

03

EMPLOYEES

OUR EMPLOYEES - OUR DNA

Female

28%



Male

72%



Management*

28



Average Age

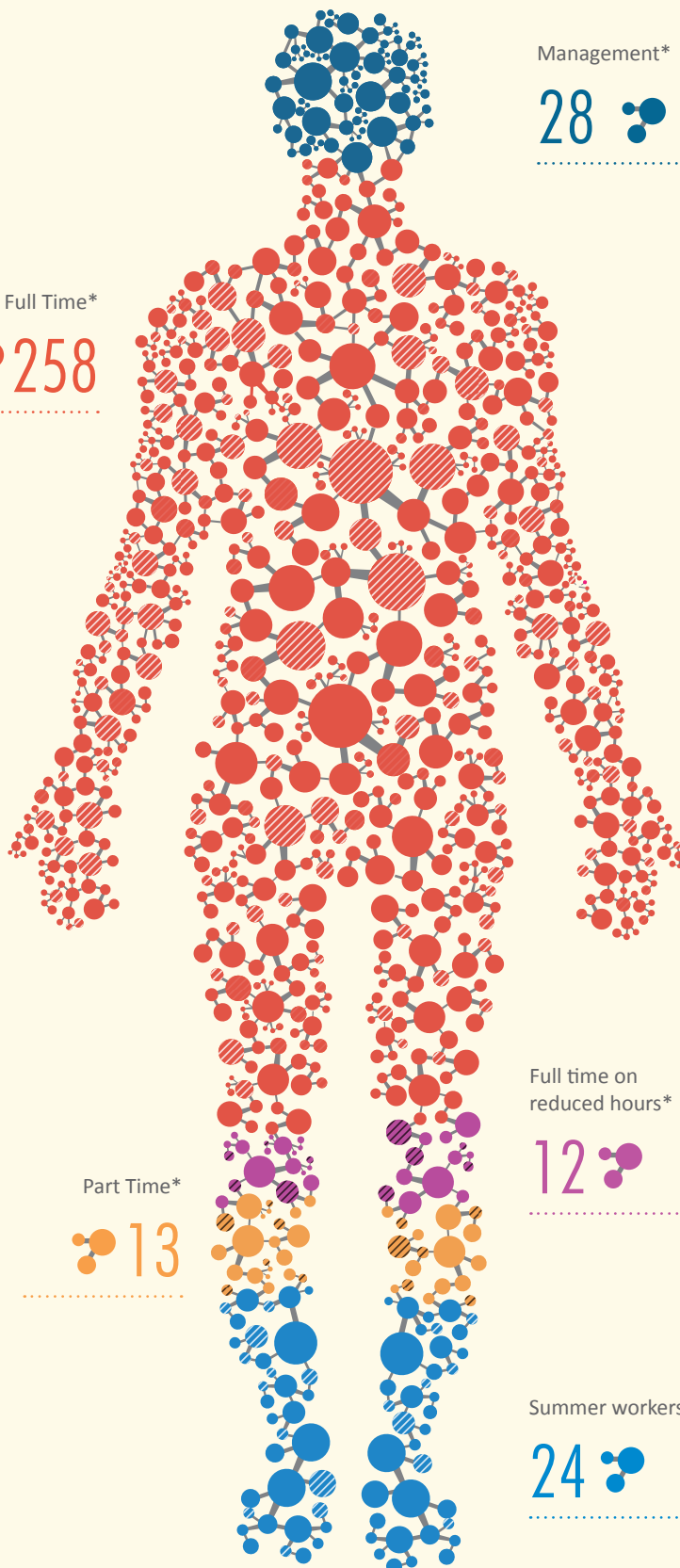
42 yrs

Full Time*

258

Average Length of Service

13 yrs



Retired

4



Full time on reduced hours*

12



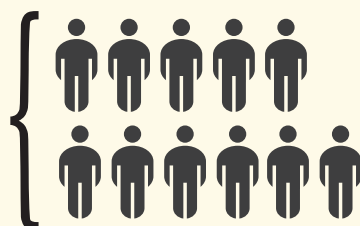
Part Time*

13



Resigned

11



Summer workers

24



*as at 31 December 2012



REWARD & RECOGNITION

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A reward and recognition scheme was launched in November 2012, following suggestions received in the employee survey.

OCCUPATIONAL HEALTH & SAFETY (OHS)

-
- 76 Risk assessments carried out by employees.
 - 77 Risk Assessments received from third parties
 - Evacuation manual completed.
 - Commenced implementation of the OHS management system.
 - Two fire drills carried out.

TRAINING & DEVELOPMENT

LIVE THE VALUES:

- *Live the Values-take 2 in January/February 2012 as a follow-up of Live the Values sessions which took place in 2011, for all employees, focusing more on team building exercises.*
- *April – June: first group of 18 Managers, Supervisors and Officers attending Leading Live the Values - four sessions for each group that tackled each value. Workshops were carried out to discuss putting the values into practice. The next three groups commenced training in September 2012 and expected to finish in first quarter 2013.*

INSPIRE LEADERSHIP TRAINING PROGRAMME:

- *First group of 28 Supervisors and Officers finished their training in July 2012.*
- *Second group of 18 Officers and Supervisors commenced the second intake in September 2012.*

HEALTH AND SAFETY:

- *Risk assessment training to new risk assessors.*
- *Basic OHS awareness.*
- *Aviation radiation course for Fire & Rescue staff.*

AIRPORT MANAGEMENT TRAINING PROGRAMME (AMTP)

Following completion of the AMTP 4th intake (2011-2012) by two members of our management team, three other management members have started the AMTP 5th intake course in September (2012-2013). This is a specialised training course carried out by Vienna Airport Academy with the academic support of Cranfield University (UK).

ADVANCE DIPLOMA IN TOURISM

- *Nine employees have successfully completed this Diploma held by the Malta Tourism Authority.*

OTHER TRAINING:

14 aerodrome/airport operations unit employees attended two training courses:

- *Aerodrome SMS training in January.*
- *Aerodrome safety and airside regulations (ICAO Annex 14) in October*



TRAINING PLANS FOR 2013

- Refresher Course in First Aid, AED and casualty handling
- Emergency Evacuation Training plus drills for all employees
- APEX top up course for management and Executive Coaching
- Leading Live the Values for last group
- Inspire intake 3
- AMTP programme intake 6



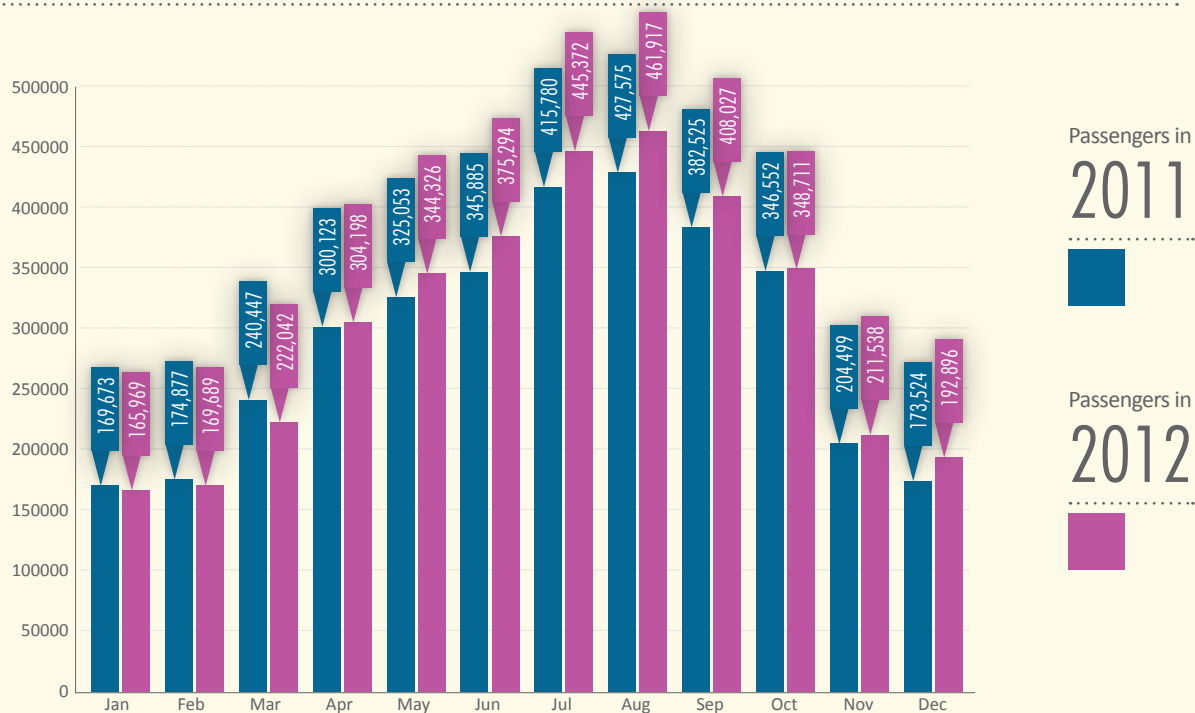


04

AVIATION

TRAFFIC RESULTS

TOTAL PASSENGERS



TOP FIVE MARKETS



UK

1,086,119 **1,106,436**
Pax +20,317 = \wedge 1.9%



ITALY

616,662 **619,616**
Pax +2,954 = \wedge 0.5%



GERMANY

520,706 **539,119**
Pax +18,413 = \wedge 3.5%



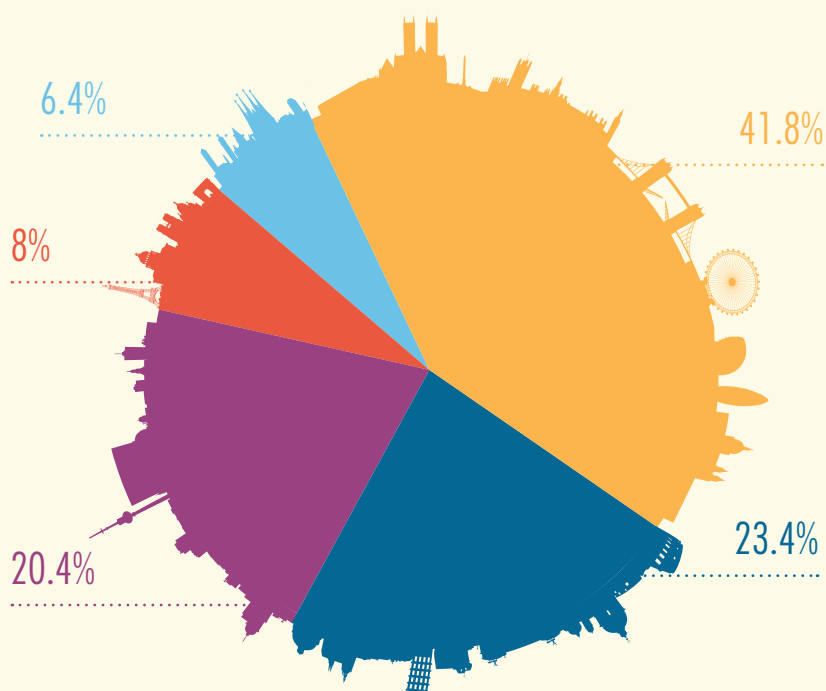
FRANCE

198,512 **212,924**
Pax +14,412 = \wedge 7.3%



SPAIN

174,914 **169,246**
Pax -5,668 = \vee 3.2%



BUSINESS MIX

Change
^ 4.1%

Total Passengers in 2012

3,649,979

Total Passengers in 2011

3,506,513

Legacy

2,062,660

59%

Legacy

2,079,532

57%

Change

^ 0.8%

Low-Cost (LCC)

1,207,096

34%

Low-Cost (LCC)

1,328,863

36%

Change

^ 10.1%

Charter

236,757

7%

Charter

241,584

7%

Change

^ 2%

Passengers in

2011



Passengers in

2012



TRAFFIC RESULTS

TOP FIVE AIRLINES



Passengers in

2011 ■

Passengers in

2012 ■

SHARE OF TOTAL TRAFFIC

AIR MALTA	46%
RYANAIR	25%
EASYJET	9%
LUFTHANSA	4%
ALITALIA	3%
OTHERS	13%



NEW AIRLINES & ROUTES

IN 2012:

New airlines

● Air France Toulouse (France)

New routes:

● Ryanair
 Bournemouth (UK)
 London-Stansted (UK)
 Malmo (Sweden)
 Oslo-Rygge (Norway)
 Turin (Italy)
 Wroclaw (Poland)
 Kaunas (Lithuania)

EXPECTED IN 2013:

New airlines

● Air Baltic Riga (Latvia)
 ● Monarch Airlines East Midlands (UK)
 ● Transavia Paris-Orly (France)
 ● Turkish Airlines Istanbul (Turkey)
 ● Wizz Air Budapest (Hungary)

New routes:

● Ryanair
 Liverpool (UK)
 Milan/Bergamo (Italy)
 Gothenburg (Sweden)



AIRLINE MARKETING

One of the highlights of the Company's Airline Marketing activity in 2012 was the launch of an updated Incentive Programme for airlines. The first Incentive Programme was launched back in 2007 and was aimed at making Malta more attractive for airlines to kick off an operation to and from our airport. The first Scheme had targeted markets which back then were considered strategic, such as the Iberian peninsula, Scandinavia and Eastern Europe. Indeed, the results achieved were very encouraging and the Company continued to build upon this Scheme, always keeping in mind the importance of remaining competitive for our airline clients.

The most important initiative included in the updated Programme is the repetition of the initiative taken in 2011, through which, the Company gave a 100% refund to all scheduled airlines on all their landing fees during the winter 2011/2012 schedule. Indeed, this was enacted once again for winter 2012/2013, with the continued aim to further stimulate traffic during the shoulder/winter months. The Company is investing in this as it sees the winter as a potential growth opportunity, whilst maintaining a focus on the momentum gained in summer. The traffic results registered this winter vindicate the position taken by the Company and have been welcomed by the local tourism industry as an important factor in addressing the seasonal nature of Malta's tourism product.

The updated programme includes other new incentives such as the waiving of the night surcharge all year round as well as free aircraft parking for scheduled passenger flights which is also

valid all year round. All these initiatives help to alleviate the airlines' fixed costs when flying to and from our Airport, thus collaborating with the airline in the sense that unless they fill the seat, their cost to fly to Malta is exceptionally low. Another initiative included in the Incentive Programme is that aimed at increasing non-EU traffic, to assist in the continued expansion of our airport's route network.

Last, but surely not least, in 2012 and for the sixth year running, Airport Charges have remained unchanged. In real terms, this means that due to the increase in operating costs such as utilities as well as the inflationary effect over this period, when compounded, these leave a reductive net effect on airlines' costs.

The results of all these efforts can be clearly seen with the addition of new airlines, new routes and increased services on existing routes over the past years. Our 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. This is done whilst at the same time remaining concentrated on managing the current client portfolio.

Ultimately, the Company's Airline Marketing activity is not done in isolation, but is strategically devised in collaboration and in line with the marketing efforts of Malta as a tourism destination by the Government and the Malta Tourism Authority. These synergies are crucial and lead to the overall positive results achieved in recent years.



CAPEX*



€ 143,000

Upgrading / New Security equipment and systems



€ 345,000

Upgrading / New IT equipment and systems

€ 170,000

Upgrading / New MetOffice equipment and systems

€ 1,185,000

Upgrading of Airfield Infrastructure

* Excluding SkyParks Business Centre



.....

TOTAL € 3,520,000

.....

€ 727,000

.....

Upgrading of Terminal Building
Infrastructure

€ 950,000

.....

Upgrading of roads and car parks

OPERATIONS

The Group has sustained its ability to meet demand during 2012 without resorting to contingency measures or introducing new infrastructure to supplement its facilities. This notwithstanding the fact that the past year has again seen a record number of passenger movements handled by the airport. The greatest challenges were faced during the summer peak periods when careful planning and coordination with groundhandling service providers was critical in ensuring efficient utilisation of existing facilities. In addition, management and employee efforts to sustain a personal interaction with passengers played a crucial role in exceeding the passengers' expectations.

Through its Operations Department, the Group maintains a facilities masterplan to timely meet future demand and developing passenger needs and trends. During the period under review, improvements to Flight Information Displays within the Gate and Check-in areas were completed. To meet future demand and assure customer comfort, design plans were completed to extend the capacity of the Non-Schengen

Departure area. The first phase of this project will necessitate relocation of the Schengen Arrivals route through an architectural bridge extension scheduled for completion during the early months of 2014. In addition, a technical analysis of the baggage sorting area infrastructure is underway to address system inefficiencies during peak operations.

In response to the Company's commitment to safe and efficient operations, Operations Department staff was afforded intensive training on aerodrome safety during 2012. Proprietary software aimed at strengthening the Company's Aerodrome Safety Management System was introduced. In addition, the Company has invested substantially in modernising its aircraft recovery inventory providing capability for removal of disabled aircraft. Close collaboration between the Operations and Technical Departments has resulted in a number of airside maintenance interventions being executed without aircraft movements being delayed or otherwise significantly affected.





SECURITY, FIRE & RESCUE

- G4S started operations as from February 2012 following an open tender, resulting in payroll savings.
- Malta Airport Security Staff starting tutoring the first group of AFM on X-ray image identification.
- Introduction of Temporary Airport Security PASS in November.
- New Contract with Armed Forces of Malta signed.
- Aircraft Rescue & Fire Fighting (ARFF) Volunteers group set up – 20 volunteers from Company and other entities enrolled and given training.
- Full Scale Aircraft Emergency Exercise held on the evening of Monday 12th November.

OUTSOURCED SERVICES



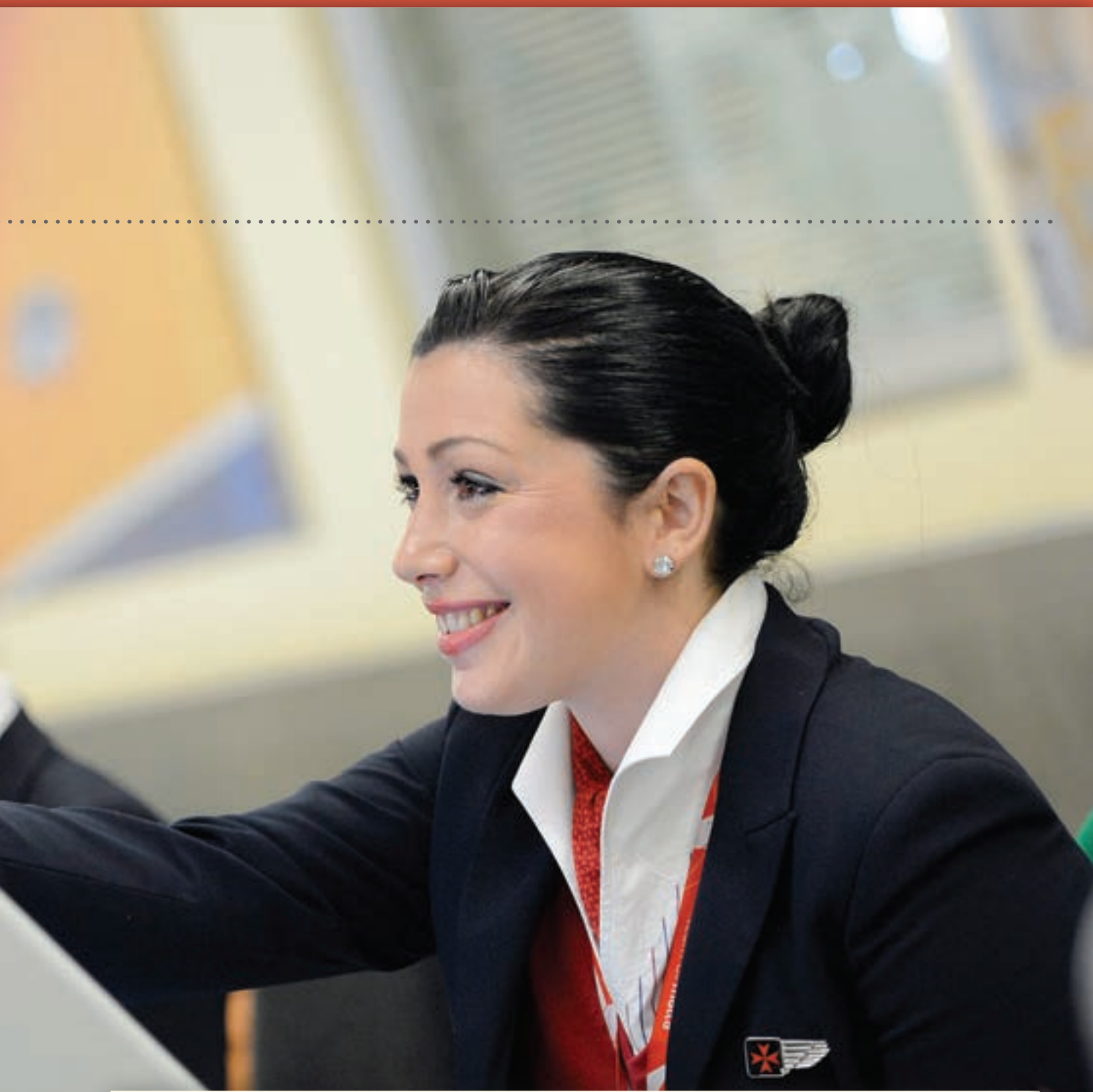
GROUNDHANDLING

Stronger focus was maintained on the operation of Groundhandling Service Providers (Air Malta p.l.c., Globeground Malta Ltd and Enemalta Corporation) who are bound by a Service Level Agreement to assure timely and quality execution of services to passengers and airlines. For the first time, the groundhandlers were subject to an independently executed performance audit to assess their compliance with their contractual obligations. Such audits are now planned for annual execution.

Following issue of an EU-wide call for Tenders, the Company is also expecting its second aviation fuel services provider to initiate operations during first quarter 2013. The second fuel services provider will complement the aircraft refuelling services provided by Enemalta, providing wider scope for service quality and efficiency. The second fuel services provider will be a joint venture operated between Attard Services and Shell & MOH Aviation Fuels A.E.

SERVICES FOR PERSONS WITH REDUCED MOBILITY (PRM)

Malta Airport recognises that persons with reduced mobility (PRM) have the same rights as other citizens to freedom of movement and freedom of choice. To this effect, it is committed to a high quality of service and assistance to Passengers with Reduced Mobility and ensures that all rights as stipulated by the European Commission (EC), the International Civil Aviation Organisation (ICAO) and the European Civil Aviation Conference (ECAC) are respected. PRM services at MIA are provided for by Air Malta plc and GlobeGround Malta Ltd. In 2012, a total of 20,410 persons were provided with special assistance whilst going through the Terminal.



AIR TRAFFIC CONTROL

Air Traffic Services at the airport are provided through an agreement between the Company and government-owned company Malta Air Traffic Services Ltd (MATS). There is cooperation between the two entities to guarantee safe and seamless coordination of all phases of aircraft movement at the airport on a 24-hour basis. Air Traffic Controllers and Malta Airport Operations employees routinely assure that landings, ground control (taxiing and parking), aircraft groundhandling and take-off are executed within determined time slots that eventually secure the airline's timely access to the en-route air traffic network.

Coordination is also structured to assure direct and regular communication at senior management and tactical levels through bilateral meetings as well as joint committees with third parties. The Company considers information sharing essential to its operations as it creates the foundation for common situational awareness amongst stakeholders. In addition, information transfer fosters predictability and resource efficiency benefits.



Longtemps de bon

La bestia ragionevole

La follia
stesso che dire una
bestia ragionevole

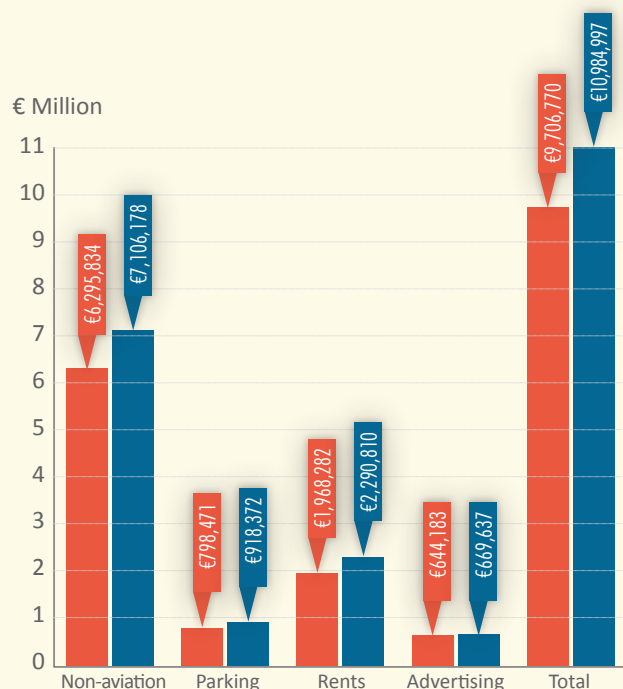
I colori maturano la notte



05

RETAIL &
PROPERTY

CONCESSIONS



2011 ■ 2012 ■

- One of the world's leading coffee shops brand, Costa Coffee has taken over the operations previously known as Flite Bite Cafeteria in Check-In Hall, Coffee Republic in Non-Schengen Departures Lounge and Connections Café in Welcomers' Hall. These three are the first presence of this renowned brand in the Maltese Islands, and add to their over 1,200 coffee shops across the UK and more than 860 international outlets.
- Sandella's flatbread franchise is expected to open in the Food Court later on in 2013. Sandella's – which originated in Connecticut in the US in 1994 – has grown to be the largest and fastest growing flatbread concept in the world, offering wraps, paninis, quesadillas, grilled flatbread, salads, rice bowls and more. It is present in 27 States in the US, Saudi Arabia and the UAE.
- FairPlay – the local leader in gaming halls – will be taking over the area previously used by the Bank of Valletta Branch in the Welcomers' Hall (which is now at SkyParks Business Centre).

RENTS

- Fugro Malta Ltd is a new operator which has rented a 545 m² hangar and 293 m² office space on Apron 1. It is a subsidiary company of a global operator in the collection and interpretation of data relating to the earth's surface and sub-surface for the oil and gas industry, the construction industry, and the mining sector.
- Hub'Air Aviation Academy is the latest addition to the Flying Schools' presence at our airport. It is a leading European aviation flight school providing all levels of training, ranging from what is known as Ab Initio training to type rating such as Boeing B737 or Airbus A320 class. Hub'Air leased out an area of 150 m² on Apron 3.
- Malta School of Flying will be increasing its presence on Apron 3 with the development of a new 795 m² hangar.
- Azure Services Ltd – which handles the marketing and services of memberships and entitlements at the five star Radisson BLU Resort & Spa, Golden Sands – is now present at the Welcomers' Hall.

AIRPORT PARKING

- Rented Vehicles Car Park - Renewed contracts with all major car rental operators.
- Took over the administration of two parking facilities related to SkyParks Business Centre, namely the underground car park with 160 parking spaces, and the new parking area of 60 spaces next to the Business Centre.
- Further parking facilities are being planned for the near future.



LA VALETTE CLUB

- A new catering partner – Flight Services Ltd, based at the airport, has been entrusted with the food offer at the Lounges, with a wider range and better quality offer.
- Lounge refurbishment at Departures, including:
 - ▶ Re-designing and extension which now can take up to 130 seated patrons at a time.
 - ▶ New High Altitude Room offering more privacy, exclusivity and meeting facilities to High Altitude members.
- ▶ Lounge also serving as an art gallery.
- Enhancing High Altitude Membership package which now includes complimentary Chauffeur Services on apron.
- Upgrading of all Chauffeur Vehicles - new cooperation with BMW.
- Security Priority Lane for La Valette Club members as well as Business/First Class travellers for all our airline clients.
- Further Lounge upgrades are planned for 2013.

SKYPARKS BUSINESS CENTRE

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The Business Centre opened its doors to tenants in summer 2012. The official Opening Ceremony was held on Thursday 27th September 2012, together with the inauguration of the SkyScape art installation on the terrace at level 1.

THE RETAIL ACTIVITY PRESENT ON LEVEL 1 IS CURRENTLY MADE UP OF:

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- **Talbot & Bons** - cafeteria/winebar.
- **Matrix** - computing, gaming, software, tv & home entertainment outlet.
- **Headlines** - books & stationery.
- **Bank of Valletta** - branch (moved from Airport Terminal).
- **AgriBank** - a new bank setting up in Malta.

OTHER FACILITIES OPENING IN 2013:

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- **Atlas Insurance** - branch.
- **YoYo Child Care** - child care centre.
- **Savina Clinic** - Dental & Implantology Centre.
- **Chic Med** - Aesthetic Clinic.

OFFICE TENANTS HAVE MOVED IN WITH OVER HALF OF THE BUILDING IN USE BY JANUARY 2013. FIRST OFFICE TENANTS:

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- **Vodafone Malta**
- **Air Malta**
- **Orchard Software**
- **Hyperion Aviation**
- **Microsoft Malta**
- **Microsoft Innovation Centre** - first centre of its kind to open in Malta.

OTHER COMPANIES WHO HAVE ALREADY CONFIRMED:

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- **Vista Jet** - the world's premier luxury aviation company for private jet charter and ownership.
- **Horizon Monitoring Ltd.**

Agreements for a number of other F&B outlets as well as a fitness centre are expected to be finalised in 2013.



"BY INAUGURATION DATE,
80% OF THE BUSINESS
CENTRE'S OCCUPANCY
WAS ALREADY COMMITTED."



A young couple is shown in profile, looking out of a window. The woman is in the foreground, wearing a dark purple top, and the man is behind her, wearing a grey shirt. They are both smiling and looking towards the right, where a bright sunset or sunrise is visible through the window. The background outside the window is a soft, hazy landscape with some greenery and a body of water.

The volatile nature of the travel and tourism industry makes any predictions and forecasts in the airport business a very arduous task. When setting out on an 'Outlook' for the year, a Company like Malta International Airport plc has to factor in various considerations.

Economic indicators as predicted by the European Commission in February for overall growth in Europe in 2013 state that "the weakness of economic activity towards the end of 2012 implies a low starting point for the current year. Combined with a more gradual return of growth than earlier expected, this leads to a projection of low annual GDP growth in 2013 of 0.1% in the EU and a contraction of -0.3% in the euro area."

When focusing on travel and tourism, latest World Tourism Organisation (UNWTO) data (28 January 2013) states that global tourist arrivals are forecast to increase by 3% to 4% in 2013, with Europe expected to register a more modest increase of between 2% to 3%.

These opinions are not shared by ACI EUROPE. In fact, ACI EUROPE Director-General, Olivier Jankovec, has commented that "the outlook for 2013 remains grim for EU airports... Based on the prevailing trading conditions, our best estimate is for nearly flat growth (+0.5%) in passenger traffic at Europe's airports for the year ahead. Many airports are now facing a new reality of slower and more contrasted traffic growth. Given our industry's traditional reliance on dynamic traffic growth to sustain its capital intensive-nature and high proportion of fixed costs, this is a significant business challenge. In all probability, things are going to get worse before they get better."

It is within this scenario, together with the committed capacity for the year – including new airlines and new routes already announced – that the Company is forecasting that passenger numbers for the year will be around 1.5% more than the record 3.65 million achieved in 2012, i.e. c. 3.7 million.



06

OUTLOOK 2013

“THE CHALLENGE FOR 2013 IS TO SUSTAIN THE GROWTH ACHIEVED THUS FAR, CONTINUE WITH OUR INVESTMENT IN AIRLINE MARKETING EFFORTS AND AS A RESULT CONSOLIDATE THESE RESULTS, ESPECIALLY IN THE RETAIL & PROPERTY SEGMENT WHICH WILL ALSO SEE THE FIRST FULL YEAR OF OPERATION OF SKYPARKS BUSINESS CENTRE.”





07

KEY EVENTS

KEY EVENTS



FEBRUARY 2012

20TH ANNIVERSARY OF AIR TERMINAL COMMEMORATED

"I am very pleased to have visited Malta International Airport today. The work done by those who planned the airport in 1992 have made it possible for it to be able to cater for the advances Malta made. The high quality service we are witnessing today is not only an achievement for the airport, but for all Malta."

Former President Dr Edward Fenech Adami said this during a visit to the Airport Terminal on the occasion of the 20th

Anniversary since its inauguration on Saturday the 8th of February 1992. Dr Fenech Adami – who had as then Prime Minister inaugurated the Terminal – was welcomed by CEO Markus Klaushofer for this visit, held on the eve of the actual anniversary day. Other distinguished guests were also in attendance, including Ministers, Opposition Spokespersons, a number of former Ministers who were responsible for the airport, as well as Chairmen, Directors and CEOs who have served on the Board since that time.



FEBRUARY 2012

BEST AIRPORT IN EUROPE FOR
SECOND CONSECUTIVE YEAR

Airport Council International announced on 14th February that Malta Airport had once again ranked as the top airport in Europe across all categories for 2011 in the annual ACI Airport Service Quality (ASQ) passenger survey. This followed a similar ranking achieved in 2010.



AIRPORTS COUNCIL
INTERNATIONAL

Best
Airport
in Europe

... for two **successive** years



MARCH 2012

CELEBRATING EMPLOYEES' 20
YEARS OF SERVICE

As part of the 20th Anniversary celebrations, on the 24th March, 58 employees were recognised for their sterling service since the inauguration of the new Air Terminal in 1992. During a Reception held to mark the occasion, these employees were each given a memento as a sign of gratitude for their 20 years of service.

APRIL 2012

FIRST AIR FRANCE SCHEDULED SERVICE TO MALTA

Sunday 2nd April was a landmark day as Air France kicked off its operation to the Maltese Islands, with a schedule service from Toulouse. The inaugural flight - AF4370 on an Airbus A319 - was saluted by the Malta Airport Fire & Rescue team with a water arch. The crew was welcomed on the apron by then Minister for Tourism, Environment and Culture, the Hon. Dr Mario de Marco; the French Ambassador to Malta, H.E. Michel Vandepoorter; Malta Tourism Authority (MTA) CEO, Josef Formosa Gauci; Malta Airport Head of Airline Marketing, Alan Borg and Air France KLM Regional Manager Christian Lahccen.



MAY 2012

20TH ANNUAL GENERAL MEETING HELD

The 20th Annual General Meeting (AGM) of Malta International Airport plc was held at the Corinthia San Ġorġ on the 10th of May, during which, the Financial Statements of the Company for the financial year ended 31st December 2011, were approved. The AGM also approved a total net dividend for 2011 of €0.07 per share which represents a total payment of €9,471,000.



MAY 2012

NEW COMPANY CHAIRMAN

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Following the Annual General Meeting, the newly elected Board of Directors met on 30th May and appointed Mr Michael Hoeferer as the new Chairman of the Company. Mr Hoeferer has already been Chairman of Malta International Airport plc, between 2003 and 2007.



JUNE 2012

MALTA AIRPORT FOOTBALL TEAM WINS EAFC 15TH EDITION

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The Malta Airport football team won the 15th Edition of the European Airports' Football Championship which was held in Malta in the first weekend of June. In the final held at the Ta' Qali National Stadium, the Maltese team registered a 2-0 victory against the team from Moscow Sheremtyevo Airport. This was the first time that the Airport Team won this Championship.

JUNE 2012

NEW DEPUTY CEO & CCO

Following a meeting of the Board of Directors of Malta International Airport plc held on 5th June, it was decided that Chief Financial Officer Austin Calleja takes on the added role of Deputy CEO and the Head of Airline Marketing,

Alan Borg, was appointed as Chief Commercial Officer and Executive Director of the Company. Both changes became effective on the 1st July 2012.



AUGUST 2012

UPDATED INCENTIVES SCHEME LAUNCHED

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Following the initiative of giving a 100% refund to all scheduled airlines on all their landing fees in winter 2011/2012, the Company announced on the 3rd of August that it will once again waive landing fees for winter 2012/2013 with the aim to further stimulate traffic during the shoulder/winter months. This initiative formed part of the Airport's updated Incentive Programme for airlines which includes incentives such as the waiving of the night surcharge all year round as well as free aircraft parking for scheduled passenger flights which is also valid all year round; as well as other initiatives aimed at increasing non-EU traffic.



SEPTEMBER 2012

SKYPARKS BUSINESS CENTRE OFFICIALLY OPENED

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On the evening of 27th September, the Company held the Official Opening Ceremony of the SkyParks Business Centre. When declaring the building officially open, Company Chairman Michael Hoeferer announced that the remarkable tenants' line-up already in place makes SkyParks the leading business address on the island with an impressive committed occupancy rate of 80% on its inauguration.



NOVEMBER 2012

NEW INTERACTIVE WEBSITE LAUNCHED

On 1st November, the Company launched a new state-of-the-art website offering its millions of annual visitors a range of enhanced features and services. The new portal includes substantial upgrades to its popular flight information and weather services as well as a number of new interactive features like a live destination map, detailed terminal map and live apron webcam. The new portal focuses on four main areas of customer activity. The Passenger Guide covers live flight details and all other information passengers may need when using the airport. The Weather section includes live observations and a number of forecasts. The Shop and Dine area of the website provides information about all restaurants and outlets on both the landside and airside areas of the airport. And Getting Here covers information like bus services, airport transfers and car parking rates.



NOVEMBER 2012

NEW BOOK ON AIRPORT HISTORY UNVEILS NEW TERMINAL PLANS BY BORG OLIVIER ADMINISTRATION

As the 20th Anniversary year of the inauguration of the Air Terminal was coming to an end, the Company launched a new publication entitled 'Malta International Airport – Our Gateway to the World' by former Acting Chairman and Director, Mr Joseph R. Darmanin. The book delves into the long history of aviation and terminal operations in Malta since 1915, highlighting the various milestones of various airfields and the developments of Terminal operations on the island. One of the important facts unveiled in the book and discovered in a Cabinet Memo during the research for the publication was that in 1967, the administration led by the Hon. Dr Giorgio Borg Olivier had approved the "extension of one of the runways to 13,000ft and an airport terminal to handle an estimated 1,200,000 passenger movements by 1980." The book has two forewords, one by then Prime Minister, the Hon. Dr Lawrence Gonzi and another by CEO Mr Markus Klaushofer; as well as a review by The Times Head of Content, Mr Ray Bugeja.

DECEMBER 2012

3.5 MILLIONTH PASSENGER FOR THE YEAR WELCOMED

On 7th December the Airport welcomed its 3.5 millionth passenger for 2012, which was estimated as coming in on Air Malta flight KM613 from Rome at 1225hrs. The passenger, 14-year-old Flaminia Iannone from Rome, was welcomed at the Airport's La Valette Lounge at Arrivals, by CEO Markus Klaushofer and Malta Tourism Authority CEO, Josef Formosa Gauci.



DECEMBER 2012

DEPARTURES LOUNGE OPEN FOR LOCALS ONCE AGAIN

On the 13th December, the Airport opened its Departures Lounge once again 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.



TOURISM

- Festival Mediterranea (Gozo)
- Malta Chamber of Commerce, Enterprise & Industry
- Malta Hotels & Restaurants Association
- The Malta International Airshow

SPORT

- Malta Basketball Association
- Malta Rugby Football Union
- Inspire Disability Sports Academy
- Volleyball Marathon in aid of id-Dar tal-Providenza
- Paqpaqli għall-Istrina in aid of the Malta Community Chest Fund

ENVIRONMENT

- Xummiemu Revamped
- Gaia Foundation - Planting of Endemic shrubs at the Airport
- Tree planting in Gudja and Ghaxaq





CULTURE

- *Medieval Mdina Festival*
- *Malta Jazz Festival*
- *Teatru Manoel - new baroque style chairs*
- *VOICES 2012*

08

OUR ROLE IN SOCIETY

In 2012, the Company continued with its commitment in the Community through its Corporate Social Responsibility policy. This is based on four equally important pillars, which reflect the cross-section of our society. Following the revision in 2011, in the way projects are selected for support, the new system was consolidated with a public Call for Projects based on the four pillars. Here are some of the initiatives supported during the period under review.

As announced in last year's Business Report, a 2011-2012 report focusing solely on the Company's CSR activity is being compiled.



