



REPUBLIC OF CROATIA

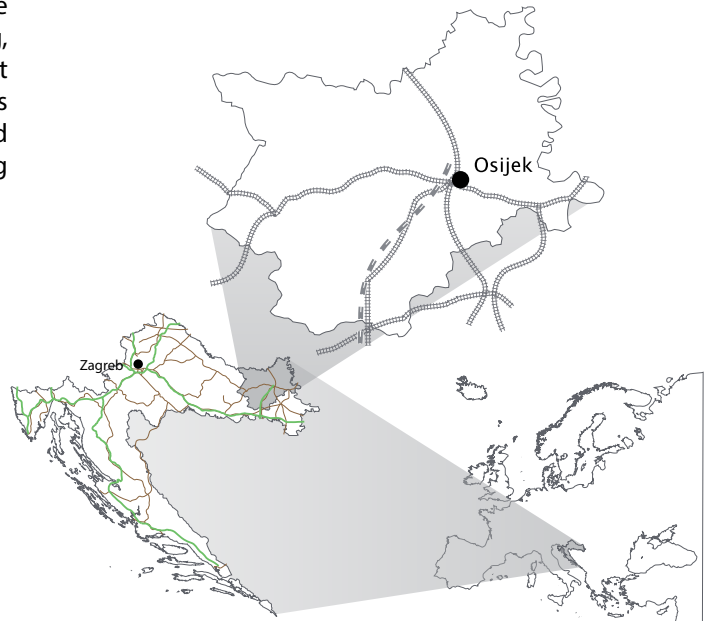
# OSIJEK AIRPORT Ltd., Osijek

## PROJECT DESCRIPTION

The future concessionaire / strategic partner would be expected to participate in modernisation of existing, construction of new capacities and acquisition of equipment for its commercial operations. The overall aim of the project is to strengthen cargo traffic in the Osijek - Baranja County and to foster economic development in the region by improving the competitiveness of the airport.

### CURRENT CHARACTERISTICS OF THE AIRPORT

- Runway characteristic: length: 2,500 m; width: 45 m
- Orientation: 111/291 (11/29)
- Strength: PCN 70 F/A/W/T
- Types of traffic permitted: IFR/VFR
- ATS communication facilities APP 118.800 MHz
- Croatia Control Ltd APP 120.150 MHz TWR 118.800 MHz
- Turnaround: 25– 30 minutes
- Passengers handling: DCS, manual check-in
- Fire fighting category: CAT IV on request up to CAT VII
- No slot coordination
- New parking lot (297 available parking spaces)



## TRANSACTION STRUCTURE

The Transaction currently envisages three options and shall be open to all strategic investors who are adequately positioned to further exploit growth potential of the Company.

**OPTION ONE: concession with the features of the public-private project partnership or concession contract**

**OPTION TWO: repurchase of existing stockholders**

**OPTION THREE: recapitalization**

Concession is defined by Airports Act. Concession for the airports is considered concession of public works, concession for public services. Concession for airport is given for a maximum term of 40 years.

## INVESTMENT OPPORTUNITY

The region served by Osijek Airport is of agricultural character, which could influence on the repositioning of the airport and focusing primarily on cargo traffic. Cargo terminal is located on the area size of 1,500 m<sup>2</sup> and separated on three parts: truck disposition, direct access to the apron for trucks and coolers.

Except for cargo and warehouse facilities Osijek Airport has a plan to invest in the passenger building, and to

separate domestic and foreign passengers. Departing gate is the priority to keep the status of international airport and increase safety of traffic, passengers and goods in the near future.

Passenger terminal area is 1,500 m<sup>2</sup>; capacity of 200 – 400 pax per hour; easy understanding for passengers; simple terminal development solutions – expanding or upgrading; possibility for extension based on the volume increase.

Ministry of the Sea, Transport and Infrastructure of the Republic of Croatia, Prisavlje 14, 10 000 Zagreb, Croatia

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## SHORT MARKET ANALYSIS

A strong increase in number of operations and number of passengers in period 2008 - 2011 is closely related to introduction of new operators on the market. Germanwings signed a contract and introduced a new route Koln – Osijek – Koln. That contract was terminated after only one season and in 2009 a new operator came on the Osijek market, the management has signed a 5 year contract with Ryan Air for several new routes, which influenced on a 40% growth of passenger movement related to 2008. In 2012 Ryan Air has terminated the existing contract due to the lack of subsidies which resulted with a strong decline of passenger movement. In 2014 Ryan Air started a new route London Stansted - Osijek - London Stansted and brought a significant increase in the growth of passenger movement.

There is a growing trend in traffic in recent years. The number of passengers has increased more than ten times over the last 8 years (2,766 in 2007 to 29,509 in 2015). This traffic growth continued in 2016. In 2017 Osijek Airport is expected to have more than 60.000 passengers. The number of operations has increased three times in the same period (550 in 2007 to 1,903 in 2015).

The main airline operators on Osijek Airport are Croatia Airlines, Trade Air and from this year Wizz Air and Eurowings. Now, direct lines are offered to Basel and Stuttgart. From Stuttgart passengers can transfer to London, Hamburg, Hannover, Vienna, Rome, Berlin and Amsterdam. In agreement with Croatia Airlines airline tickets to many European destinations with a minimum connection time in Zagreb are offered.

During 2014 and 2015, the increase of the number of passengers was 7%, which is mostly generated by the increase of international passengers by 13%.

The highest number of passengers on scheduled routes was generated through the Ryanair route London-Osijek-London. This route had 20,658 passengers in 2015, an increase of 14% from 2014.

This is the evidence that the area served by Osijek Airport certainly has a lot of potential for further development of aviation activities and that the upward trend will continue.

Positive trends in increasing number of passengers continued during the 2016. If we compare the period from Jan-Oct 2015 and 2016, there is a 3% increase in number of passengers.

In 2016 Osijek Airport had one direct international line, London-Osijek, with total number of passengers 20,657.

The domestic regular flights had 8,269 passengers, which is 12% more than in 2015. If we consider that all the domestic lines continue with the same intensity during the winter flight schedule, it is expected by year-end 2016 the increase in passenger traffic compared to the year 2015 more than 10%. The total number of passengers by the end of October in 2016 is higher than the total number of passengers for the entire previous year.

| Year | Number | Passengers | Cargo (t) |
|------|--------|------------|-----------|
| 2002 | 673    | 3,132      | -         |
| 2003 | 720    | 3,354      | -         |
| 2004 | 708    | 3,030      | 356       |
| 2005 | 695    | 2,343      | 3,830     |
| 2006 | 649    | 2,871      | 515       |
| 2007 | 550    | 2,766      | 271       |
| 2008 | 774    | 14,685     | 173       |
| 2009 | 855    | 20,438     | 188       |
| 2010 | 792    | 20,824     | -         |
| 2011 | 1,582  | 22,104     | -         |
| 2012 | 1,636  | 2,195      | -         |
| 2013 | 1,255  | 3,489      | -         |
| 2014 | 1,636  | 27,187     | -         |
| 2015 | 1,903  | 29,509     | 37        |
| 2016 | 2,168  | 30,732     | -         |

Domestic flying routes connect Osijek Airport with Zagreb, Rijeka, Pula, Split and Dubrovnik.

Using its strong market position in Osijek – Baranja County, the Company wants to strengthen its position as a main cargo airport in the region.

Business Development Study and Strategic Business Plan are completed.

The Airport has the entire necessary infrastructure that provides cargo handling, fast trucks out to the apron for the aircraft and all prerequisites for the rapid cargo aircraft handling.

Besides capitalizing its position on the home market, regional market presents strong growth platform where the Company has already initiated negotiations with foreign partners. For this reason, the Company has decided to refocus its core activity as a cargo carrier and has decided to find a strategic partner for new investments.

## CONTACT

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