

Stock Market Review



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MIA aims to maintain record passenger numbers in 2011

Following last week's company announcement when Malta International Airport plc revealed that it achieved a 10.6 per cent increase in passenger traffic in December and an overall growth of 12.8 per cent in passengers during 2010, the airport operator held a press conference this week providing further details on the 2010 passenger movements and the company's expectations for 2011.

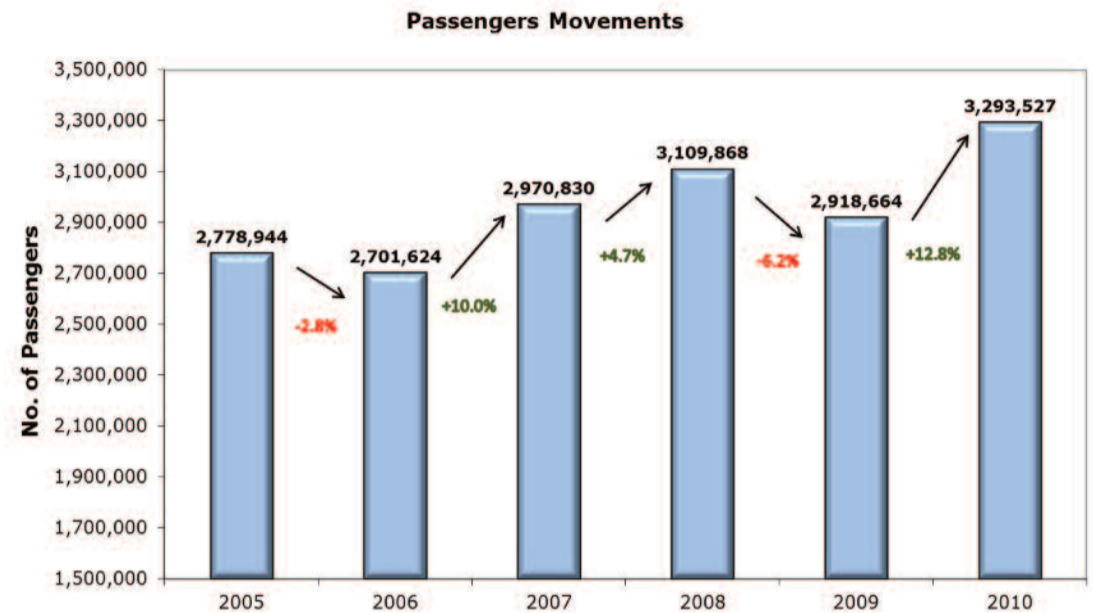
MIA's CEO Julian Jaeger explained that during 2010 strong growth was registered in all months with the exception of April (-6 per cent) which was due to the Icelandic ash cloud. This resulted in the cancellation of 336 flights between April 14 and 21, 2010 and caused a loss of circa 35,000 passenger movements during the period. Meanwhile, double-digit growth was registered in March and for eight consecutive months between May and December.

The first half of the year (January to June) accounted for 42 per cent of passenger movements with the peak summer months of July and August contributing 25 per cent of total traffic and the balance of 33 per cent during the final four months of the year. Mr Jaeger explained that the company did not anticipate such strong growth rates in the summer months.

MIA registered a 15.8% increase in July and 13.4 per cent in August with both months experiencing passenger movements in excess of 400,000. The CEO said that the record traffic of over 400,000 passengers in the peak was a positive development and it showed that the country can cater for these volumes during the summer.

The CEO also provided a detailed analysis on the airline traffic which contributed to the 12.8 per cent growth in passenger numbers during the past 12 months.

Among the larger airlines, Easyjet recorded the strongest rate of growth in 2010. This low-cost carrier registered a 66 per cent increase in passenger movements during 2010 to a total of 303,000 passengers. This represents a market share of 9.2 per cent, the third largest airline operating to Malta. The strong growth rate by Easyjet was boosted by the popular new routes to Rome and Milan. Likewise, passenger movements on Ryanair following the addition of six new routes to Malta as part of the airline's decision to base an aircraft in Malta as from May 2010, grew by 52 per cent helping the carrier's market share increase to 20.5 per cent from 15.2 per cent in 2009. The high rates of growth by both Ryanair and



Easyjet helped the overall share of low-cost carriers increase to 32 per cent of traffic at MIA. With charter traffic remaining a constant six per cent market share, the balance of 62% was accounted for by legacy carriers. Air Malta remains the most important contributor to passenger movements at MIA with a 51 per cent share of overall traffic. In 2010, Air Malta experienced a 2.6 per cent increase in passengers to 1.68 million.

With respect to the main geographical markets, the strongest rate of growth was registered by Spain (+51 per cent), followed by Italy (+28.8 per cent) and France (+24.2 per cent). However, the UK remains the most important market with 31 per cent of overall passenger traffic followed by Italy at 19 per cent and Germany at 13 per cent.

MIA's CEO concluded the press conference by providing the company's passenger forecast for 2011.

Mr Jaeger announced that while it is always very difficult to provide forecasts at such an early stage of the year, estimates for 2011 are particularly challenging given the fact that the summer schedule is not yet confirmed and no official information has been made as yet on the Air Malta restructuring currently taking place.

The CEO stated that MIA expects to maintain the record level of passenger movements achieved during the past 12 months. Mr Jaeger noted that this must be seen in the light of the substantial 12.8 per cent increase in 2010 and the focus for the company is to consolidate the record year. It is worthwhile pointing out that the 2010 passenger movements exceeds the previous record of 2008 by 5.9 per cent.

The 2011 forecast is based on the assumption that Air Malta will be using 11 aircraft during the peak summer months (compared to 12

aircraft last year). The expectations for 2011 by MIA also takes into consideration that TUI Cruises will commence a Cruise and Fly operation from May while four new routes will be operated by Easyjet, Lufthansa and Airberlin.

MIA's CEO is also anticipating that the airport operator will continue to register significant growth during the first four months of 2011 between January and April. The CEO also said that the 2011 overall forecast may be revised during the year once further information is obtained on the summer 2011 schedule and the routes to be operated during the 2011/12 winter schedule.

Mr Jaeger further revealed that the development of the Business Centre is proceeding according to plan and new tenants are expected to be signed up in the coming months.

MIA's share price responded positively to the recent announcements over the past two weeks as it climbed to a multi-year high of €1.81. Although MIA's equity ranked among one of the star performers during 2010 with an increase of 38.3 per cent, the share price advanced by a further nine per cent over the past month. The equity remains among the favourites with local investors as evidenced by the high volumes of shares that have traded in recent weeks.

Investors now await the publication of the 2010 financial results and the final dividend recommendation by the board of directors due sometime in March, as well as the extent of the positive impact of the strong growth in passenger numbers on the retail segment of the business which has become increasingly important to the overall profitability of the company.



Malta International Airport plc achieved an overall growth of 12.8 per cent in passengers during 2010. Photo: Darrin Zammit Lupi

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