

PRAGUE AIRPORT

COMMERCIAL SUCCESS IN TURBULENT TIMES

TRAVEL RETAIL FORUM 2023

COMMERCIAL SUCCESSES

WHAT IMPACT HAD RECENT YEARS ON THE NATURE OF COMMERCIAL SUCCESS, AND WHAT ACTUALLY IS COMMERCIAL SUCCESS THESE DAYS?



- **BRIEF PRESENTATION OF PRAGUE AIRPORT**
- **„GOLDEN TIMES“**
- **„DIFFICULT AND TURBULENT TIMES“**
- **„A BRIGHT FUTURE“**



An aerial photograph of the Prague Airport terminal and control tower. The terminal is a large, modern building with a curved, metallic roof and extensive glass facades. The control tower is a prominent, multi-story structure with a glass exterior and a circular observation deck at the top. A glass-enclosed pedestrian bridge connects different parts of the terminal. In the foreground, there are parking lots with several cars and a billboard. A road with trees and a clear blue sky with a single airplane in flight are also visible.

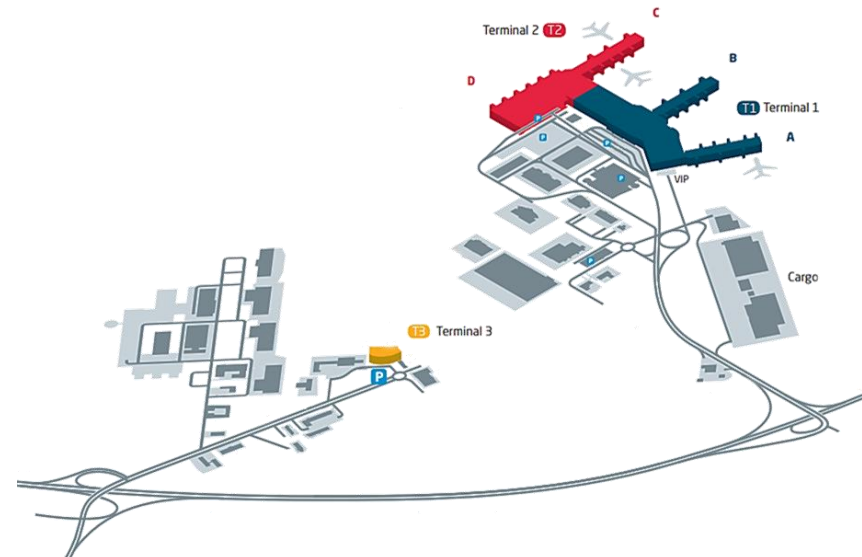
BRIEF PRESENTATION OF THE PRAGUE AIRPORT

GENERAL INFORMATION

- **THE HIGHEST NUMBER OF PASSENGERS HANDLED – 17 804 900**
- **PRAGUE AIRPORT IS A STRATEGIC INFRASTRUCTURE OF THE CZECH REPUBLIC. OPERATED BY JOIN STOCK COMPANY LETIŠTĚ PRAHA A.S. THE SOLE SHAREHOLDER OF THE COMPANY IS THE STATE.**

- **TERMINALS:**

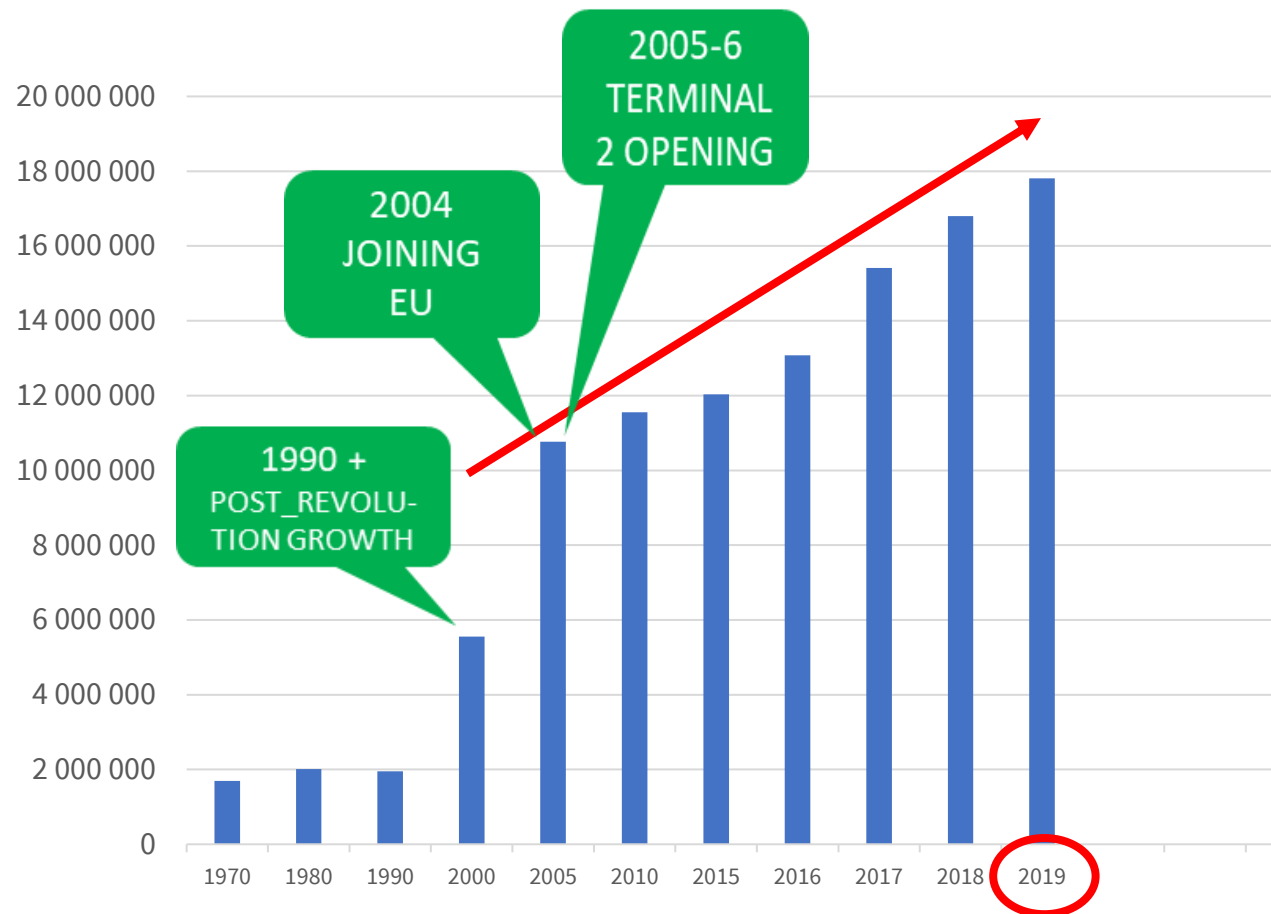
- **TERMINAL 1 – NON-SCHENGEN AREA FLIGHTS (PIER A, PIER B)**
- **TERMINAL 2 – SCHENGEN AREA FLIGHTS (PIER C, PIER D)**
- **TERMINAL 3 – GENERAL AVIATION**



„GOLDEN TIMES“
2019

DEVELOPMENT OF PAX, AVIATION BUSINESS 2019

PAX DEVELOPMENT



ALMOST CONTINUOUS GROWTH IN THE NUMBER OF PASSENGERS

**THE HIGHEST NUMBER OF PASSENGERS IN 2019:
17 804 900 PAX
(PRAGUE AIRPORT'S TOP CAPACITY OF PAX ALMOST REACHES – 20 000 000 PAX)**

2019 - 165 DESTINATIONS WITH DIRECT CONNECTIONS

2019 - TOTAL OF 71 AIR CARRIERS OPERATED AT PRAGUE AIRPORT



NON-AVIATION BUSINESS – RETAIL, F&B AND COMERCIAL SERVICES 2019

- **ALL BUSINESS PREMISES LEASED**
- **PORTFOLIO OF ACTIVE CANDIDATES – POSSIBILITY TO „CHOOSE“**
- **COMMERCIAL CONDITIONS BASED ON FIX, MAG AND TURNOVER RENT**
- **PLAN:**
 - **INCREASE IN THE SHARE OF TURNOVER RENT IN TOTAL RENT – ACTIVE COOPERATION WITH TENANTS ON TURNOVER GROWTH – STARTING TO SHARE DATAS AND TRYING ACTIVELY USEM THEM**
 - **EFFICIENT ALLOCATIONS OF AREAS**
 - **CREATION OF NEW COMMERCIAL AREAS**
 - **EMPHASIS ON NEW CONCEPTS WITH FOCUS ON IMPROVING PAX EXPERIENCE AND TURNOVER PERFORMANCE**

SPACE FOR „PLAYING“

THE NATURE OF SUCCESS – INCREASING REVENUE AND PASSENGER EXPERIENCE THROUGH A DIVERSE AND QUALITY OFFER



RETAIL – SUCCESSFUL PROJECTS 2019/EARLY 2020

- FIRST TENDERS UNDER THE PUBLIC PROCUREMENT ACT
- FOCUSING NOT ONLY ON FINANCIAL PERFORMANCE BUT ALSO ON QUALITY PERFORMANCE – WITH SUCCESSFUL OUTCOME:

- **DUTY FREE**

- LGD ex/new OPERATOR OF DUTY FREE STORES
- TENDER WAS FOCUSED ON:
 - MORE EFFICIENT ALLOCATION OF SHOPS, NEW WTZ T1 AREA
 - NEW PRODUCTS AND CONCEPT EVOLVING IN TIME AND LOCAL TOUCH
 - PAX STRUCTURE/GENERATION CHANGES
 - CUSTOMER EXPERIENCE



- **TRAVEL ESSENTIAL**

- LGD ex/new OPERATOR OF TRAVEL ESSENTIAL STORES

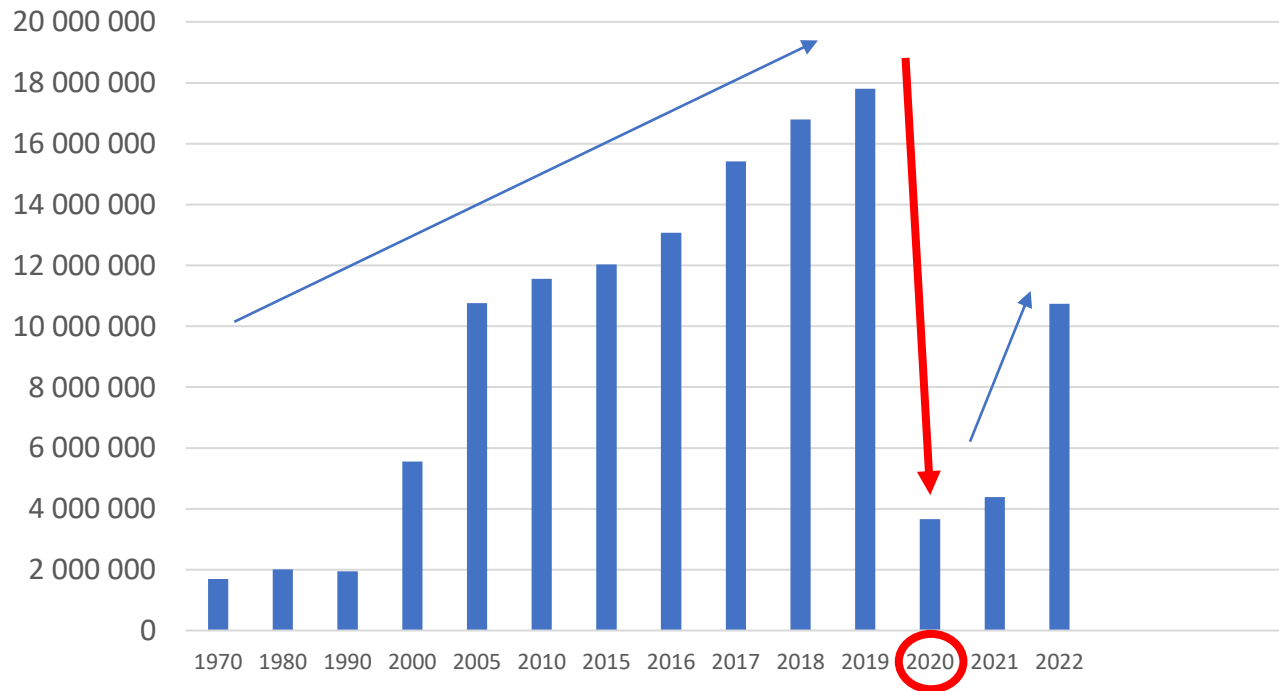




„DIFFICULT AND TURBULENT TIMES“

PANDEMIC – COVID 19 – PAX DATA

COVID 19 – IMPACT ON PAX



A HUGE DROP IN THE NUMBER OF PAX
THE SMALLEST NUMBER OF PAX IN 2020
IN ONE MONTH:

5 031



PANDEMIC – COVID 19 – IMPACT ON RETAIL

- **CLOSURE OF „SHOPS“ – PROHIBITION OF COMMERCIAL ACTIVITY BY GOVERNMENT REGULATION**
- **FINDING SOLUTIONS FOR RENT RELIEF OPTIONS**
- **PREPARATION OF BUSINESS ANALYSES OF INDIVIDUAL LEASE RELATIONSHIPS NEVERTHELESS WITH EQUAL METHODOLOGIE/EQUAL APPROACH**
- **APPROX. 95% OF TENANTS OFFERED RENT RELIEF -> AGREEMENT ON CHANGES TO CONTRACTUAL TERMS CONCLUDED WITH ALL OF THEM**

THE NATURE OF SUCCESS – „RESCUE“ AND HELP TO SURVIVE THE WHOLE RETAIL ECOSYSTEM



„SLOW“ RECOVERY AFTER PANDEMIC

- **SLOW PASSENGER GROWTH COMPARED TO OTHER AIRPORTS – THE MAIN REASON:**

WAR

- **IMPACT OF A PANDEMIC ON IMPORTANT CARRIER ČSA**
- **PRE – COVID FOCUS ON RUSSIA, UKRAIN AND ASIA WITH THE AMERICAN CONTINENT**



THE LEARNING FROM THE SITUATION - RETAIL

- **SEARCHING AND FINDING SOLUTIONS:**

- COMPLETELY NEW CONTRACTUAL APPROACH AND RELATIONSHIP BASED ON COOPERATION

- READY FOR AN OTHER UNEXPECTED SITUATION
- FOR EX: ADAPTING OPENING HOURS - POSSIBILITY OF NOT TO OPEN UP TO A CERTAIN NUMBER OF PAX
- DIFFERENTIATE BETWEEN NICE TO HAVE AND MUST HAVE PRODUCTS AND SERVICES IN CASE OF ANY UNEXPECTED SITUATION
- DIFFERENTIATE CONDITIONS FOR DIFFERENT PAX LEVELS
- DIFFERENT CONDITIONS FOR KEY LOCATIONS WITH KEY SERVICES
- SHARING THE GAIN AND THE PAIN

- NEW RENT STRUCTURE

- DOMINANT COMPONENT IS THE TURNOVER RENT THAT REFLECTS THE NUMBER OF PAX:
 - TWO COMPONENTS OF RENT, MONTHLY PAYMENT OF THE HIGHEST:
 - TURNOVER RENT = DIFFERENT TO RENT % ACCORDING TO THE NUMBER OF PAX (1-5 DIFFERENT LEVELS)* MONTHLY TO
 - FIX PER PAX FROM THE TENDER = PLANNED TURNOVER * TURNOVER RENT% * 80% / PREDICTED NUMBER OF PAX (ALL IS PART OF THE TENDER DOCUMENTATION)
 - SHORT-TERM LEASES BASED PURELY ON TURNOVER RENT WITHOUT FIX PER PAX

THE NATURE OF SUCCESS – NEW BUSINESS MODEL AND MEETING PAX DEMAND



„FIRST“ RESULT OF „THE NEW SETTING“

„F&B“ TENDER

- RENTAL OF A PACKAGE OF 14 BUSINESS UNITS
- NO REPETITIONS ON CUSTOMER JOURNEY
 - ATTRACTIVE AND NEW CONCEPTS
 - ICONIC AND UNIQ EXPERIENCE
 - OPENING HOURS REFLECTING THE FLIGHT SCHEDULE



- NEW LOGIC OF TERMINAL 2 SUPPORTED BY CONSTRUCTION OF THE WALKTHROUGH ZONE
 - AT THE ENTRANCE OF T2 = WTZ - FOLLOWED BY ICONIC BOTEGA BAR AND COSTA CAFÉ - WELCOMING TO THE CURRENT FOOTCOURT





„A BRIGHT FUTURE“

www.prg.aero nebo verze dokumentu

VISION FOR THE FUTURE – EXAMPLE OF SPECIFIC PLANS

- **MARKET PLACE**

- COVER THE CUSTOMER JOURNEY WITH THE RIGHT PRODUCTS AND SERVICES MEETING THE NEEDS OF PAX AT THE RIGHT MOMENT AND AT ONE PLACE
- PROJECTS OUTSIDE THE PHYSICAL BOUNDARIES OF THE AIRPORT

- **AIRPORT CITY**

- AIRPORTCITY AIMS TO GENERATE REVENUE THAT IS NOT DIRECTLY DEPENDENT ON PASSENGER HANDLING AND INCREASE ATTRACTIVITY OF ENTIRE AIRPORT AREA

- **TERMINAL EXTENSION**

- INCREASING THE AIRPORT CAPACITY AND MORE EFFICIENT OF AREAS

THE NATURE OF SUCCESS – IMPROVING AND EXTENDING AVAILABLE SPACE AND OFFER (PHYSICALLY AT THE AIRPORT AND OUTSIDE THE PHYSICAL BOUNDARIES)



VISION FOR THE FUTURE – PRAGUE AIRPORT

[PLAY THE MOVIE PRAGUE AIRPORT
FUTURE VISION](#)



AirportCity aims to generate revenue that is not directly dependent on passenger handling and increase attractiveness of entire airport area.



FUNCTIONS

- | | |
|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
|  Hangars |  Accommodation |
|  Technology parks |  Cargo/ Logistics |
|  Campuses |  Medical centres |
|  Administrative premises |  Congress centres |

TERRITORY

Total area of 356 ha

- **North Area 60 ha**
non SRA 60ha
- **South Area 296 ha**
non SRA 26 ha
SRA 270 ha

*out of that SRA before pRWY 88 ha
out of that SRA after pRWY 270 ha*

VISION FOR THE FUTURE – VISUALIZATION OF SOME EXAMPLES

AIRPORT CITY



AirportCity



New development opportunities in the immediate vicinity of the airport



Investment opportunities for developers and investors



Designed to contribute greater economic stability of the airport in synergy with the surrounding area and its development

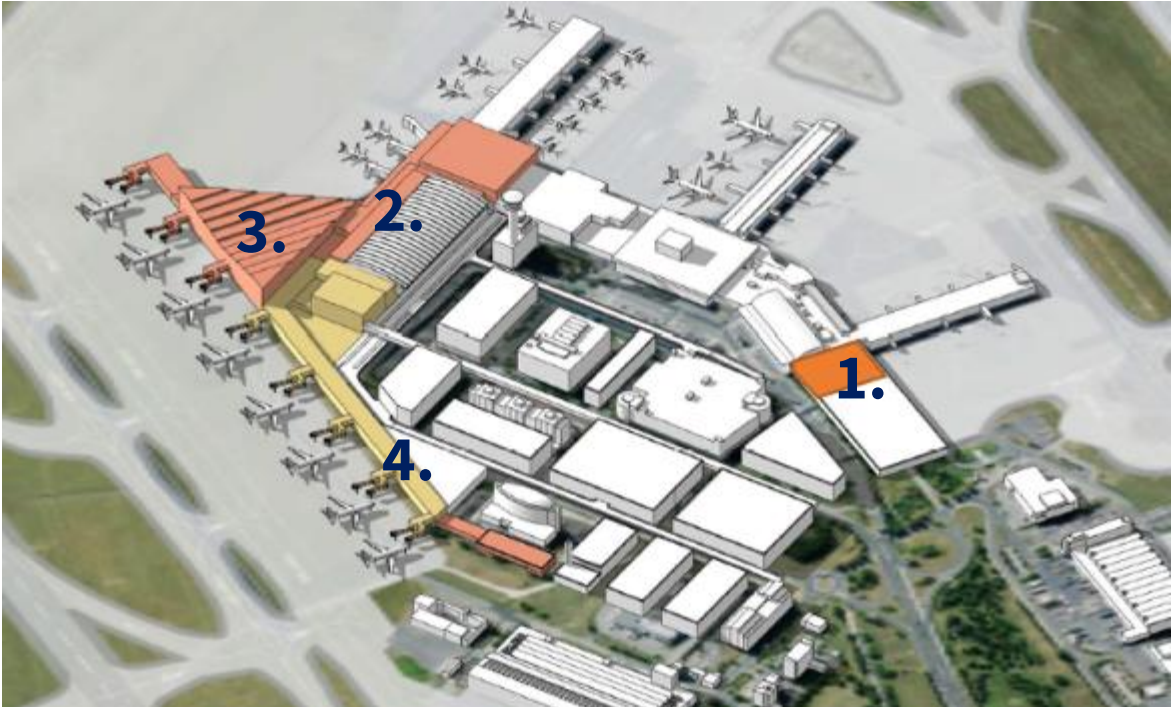


Expansion and supplement of non-aviation functions into synergy of B2B, B2C, city and neighbouring municipalities



VISION FOR THE FUTURE – VISUALIZATION OF SOME EXAMPLES

TERMINAL EXTENSION



- 1. T1 CSC
- 2. T2 CSC
- 3. Central part
- 4. Pier D



WHAT CAN BE CONSIDERED A COMMERCIAL SUCCESS BASED ON EVENTS IN RECENT YEARS ?

DEVELOPING A FRUITFUL COOPERATION WITH ALL PARTIES INVOLVED IN THE TRAVEL RETAIL ECOSYSTEM WITH THE MAIN OBJECTIVE TO IMPROVE THE PASSANGER EXPERIENCE AND REVENUES“so nothing has changed travel retail is just evolving as well as the perception of success“



A large commercial airplane is shown from a low angle on a tarmac. The focus is on the large engine and the wing. A blue text box is overlaid on the left side of the image. In the background, there are ground service equipment, a person, and a clear sky.

THANKS YOU FOR YOUR ATTENTION