

Hold (old: Hold)

14.03.2024

EUR 58.00 (old: EUR 57.00)

Upbeat traffic results - demand for air travel remains strong; chg.

Topic: Yesterday, FWAG released better-than-expected Feb'24 traffic results showing that air travel demand remains unbroken.

Last month, Group passengers rose by a strong 18% yoy to 2.38m passengers (eNuW: 2.21m). While Vienna grew strongly by 17% yoy to 1.88m passengers (eNuW: 1.75m), strong growth was also maintained at Malta (+25% yoy). This strong growth is partly attributable to the additional leap day on Feb 29 (i.e. additional 0.08m passengers for Feb'24; +14% yoy excl. the leap day), but the general **trend of growing air travel remains fully intact**, also witnessed by the peer group. (see p. 2 for details)

Unbroken demand meets growing supply: With inflation easing down in Austria (4.3% in Feb'24; lowest figure since Dec'21) and nominal wage increases of 7.6% in FY'24e (Source: Statista), the subsequent increase in disposable income should lead to **unbroken demand for leisure travel**, especially in the upcoming summer. Moreover, the post-COVID recovery of physical meetings, conventions & exhibitions is ongoing, thus leading to **increased demand for business travel**, particularly in Vienna (Europe's #2 for conventions, 237 international companies' HQs & international organizations such as OPEC, UN, OSCE, etc.). As a result, the **airlines receive increased bookings and respond by increasing supply**, but also by continuously increasing aircraft utilization (i.e., seat-load-factor).

Rising airport charges: On top of the continuous growth of passengers, FWAG can rely on the statutory increase of airport charges by 9.7% yoy, effective as of Jan'24. Hence, we estimate Q1'24e passenger and aircraft fees to increase by 20% yoy to € 85m, making up c. 42% of Group sales.

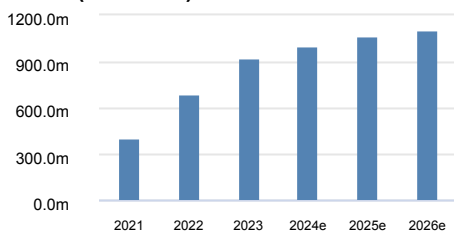
Strong Q1'24e ahead: The above-mentioned effects should lead to a strong first quarter. We expect sales of € 210m (+17% yoy) with an EBITDA of € 86m (41% EBITDA margin, +3.9pp yoy), based on Q1'24e group passengers of 7.51m (eNuW; +13% yoy). Further down the road, Q2 & Q3'24e's top line should come in even stronger, as the current summer flight plan as well as airline booking data indicate an even better summer than last year.

Against this backdrop, we stick to our **HOLD recommendation but raise our PT of € 58.00** (old: € 57.00, based on DCF), as the company's stellar operations are well reflected in its current valuation.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	407.0	692.7	931.5	1,006.5	1,064.5	1,107.6
Sales growth	22.0%	70.2%	34.5%	8.1%	5.8%	4.0%
EBITDA	154.4	295.9	393.6	412.9	448.9	469.5
Net debt (if net cash=0)	150.7	-149.1	-362.4	-393.5	-442.1	-486.3
FCF	45.1	277.1	277.8	141.9	175.1	189.8
Net Debt/EBITDA	1.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.05	1.26	2.01	2.29	2.63	2.77
EBITDA margin	37.9%	42.7%	42.3%	41.0%	42.2%	42.4%
ROCE	1.1%	9.1%	13.9%	13.9%	14.6%	14.6%
EV/sales	11.2	6.2	4.3	4.0	3.7	3.5
EV/EBITDA	29.5	14.4	10.3	9.7	8.8	8.4
PER	1034.3	40.1	25.1	22.1	19.2	18.2
Adjusted FCF yield	3.5%	7.9%	7.6%	7.0%	7.8%	8.3%

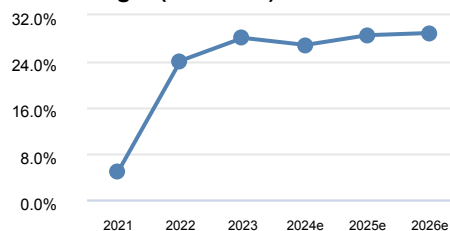
Source: Company data, NuWays, Close price as of 12.03.2024

Sales (2021-26e)



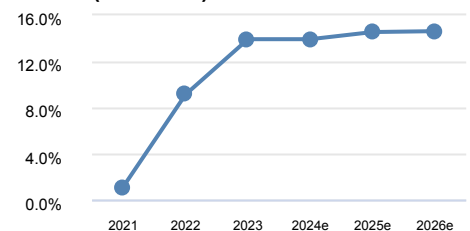
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

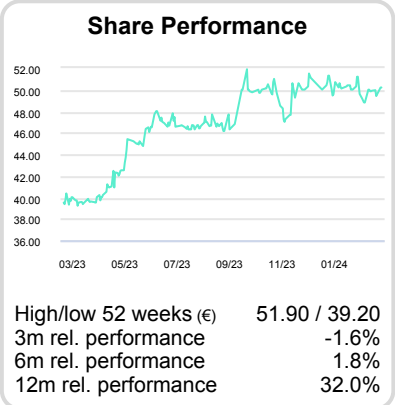
ROCE (2021-26e)



Source: NuWays Research

Company description

Flughafen Wien AG is the operator of Vienna International Airport VIE and holds strategic investments in the international airports Malta and Kosice.



Market data

Share price (in €)	50.20
Market cap (in € m)	4235.7
Number of shares (in m pcs)	83.9
Enterprise value (in € m)	4016.1
Ø trading volume (6 months)	7,985

Identifier

Bloomberg	FLU AV
Reuters	VIEV.VI
WKN	A2AMK9
ISIN	AT00000VIE62

Key shareholders

IFM	43.4%
State of Lower Austria	20.0%
City of Vienna	20.0%
Employee Foundation	10.0%
Free Float	6.6%

Estimates changes

	2024e	2025e	2026e
Sales	1%	0%	0%
EBIT	-3%	0%	0%
EPS	-3%	0%	0%

- ### Comment on changes
- FY'24e sales estimate lifted to reflect raised passenger estimate.
 - Personnel expenses raised due to higher wage inflation assumption.

Guidance

- FY'24 Sales: c. € 970m
- FY'24 EBITDA: > € 390m
- FY'24 Net Income (b.m.): > € 210m

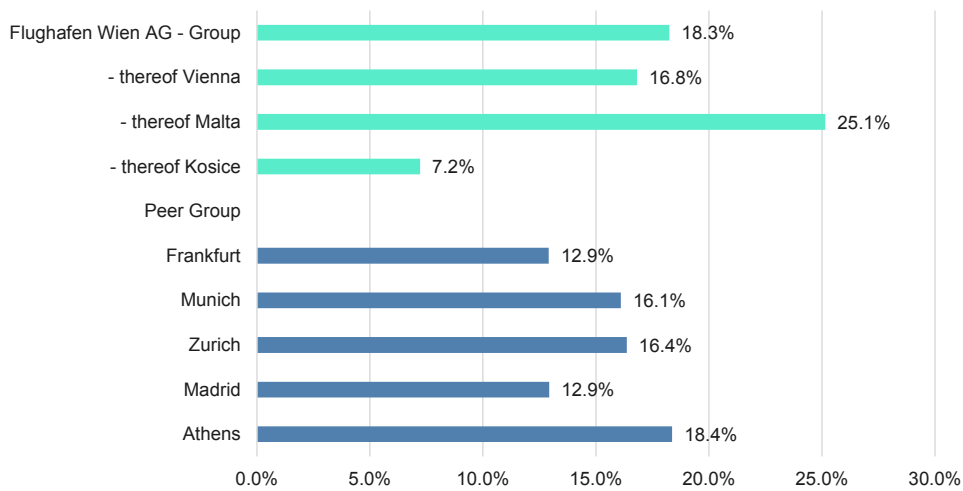
Flughafen Wien AG

Update - 14.03.2024

FWAG group passengers (in m)	2 2024	2 2024 eNuW	2 2023	yoy	group share
Group Passengers	2.38	2.21	2.01	18.3%	
- thereof Vienna	1.88	1.75	1.61	16.8%	78.8%
- thereof Malta	0.47	0.43	0.38	25.1%	19.9%
- thereof Kosice	0.03	0.03	0.03	7.2%	1.3%
Peer Group					
- Frankfurt	3.86		3.41	12.9%	
- Munich	2.52		2.17	16.1%	
- Zurich	2.02		1.73	16.4%	
- Madrid	4.71		4.17	12.9%	
- Paris (CDG & Orly)	t.b.a.		6.71	t.b.a.	
- Athens	1.61		1.36	18.4%	

Source: Company data, NuWays

Current passenger growth rates at European Airports (Feb' 24, % yoy)



Source: Company data, NuWays

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	407.0	692.7	931.5	1,006.5	1,064.5	1,107.6
<i>Sales growth</i>	22.0%	70.2%	34.5%	8.1%	5.8%	4.0%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	407.0	692.7	931.5	1,006.5	1,064.5	1,107.6
Other operating income	23.8	20.3	10.1	10.0	10.0	11.0
Material expenses	29.8	44.5	54.1	59.6	65.6	68.4
Personnel expenses	196.7	272.3	349.4	392.4	402.6	417.5
Other operating expenses	49.9	100.3	144.5	151.6	157.4	163.2
Total operating expenses	252.6	396.8	537.9	593.6	615.6	638.1
EBITDA	154.4	295.9	393.6	412.9	448.9	469.5
Depreciation	134.1	131.1	131.8	142.3	144.8	148.8
EBITA	20.3	164.9	261.8	270.5	304.1	320.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.4	-2.3	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	20.0	167.2	261.8	270.5	304.1	320.7
Interest income	2.0	4.4	15.9	17.8	18.7	18.9
Interest expenses	13.1	13.5	20.3	2.2	2.1	2.0
Investment income	0.7	-0.2	0.4	0.0	0.0	0.0
Financial result	-10.4	-9.3	-4.0	15.6	16.5	16.9
Recurring pretax income from continuing operations	9.5	157.9	257.8	286.1	320.6	337.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	9.5	157.9	257.8	286.1	320.6	337.5
Income tax expense	2.9	29.8	69.1	71.5	73.7	77.6
Net income from continuing operations	6.6	128.1	188.7	214.6	246.9	259.9
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	6.6	128.1	188.7	214.6	246.9	259.9
Minority interest	2.9	20.2	20.1	22.9	26.3	27.7
Net profit (reported)	3.7	107.9	168.6	191.7	220.6	232.2
Average number of shares	83.9	83.9	83.9	83.9	83.9	83.9
EPS reported	0.04	1.29	2.01	2.29	2.63	2.77

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	22.0%	70.2%	34.5%	8.1%	5.8%	4.0%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other operating income	5.8%	2.9%	1.1%	1.0%	0.9%	1.0%
Material expenses	7.3%	6.4%	5.8%	5.9%	6.2%	6.2%
Personnel expenses	48.3%	39.3%	37.5%	39.0%	37.8%	37.7%
Other operating expenses	12.3%	14.5%	15.5%	15.1%	14.8%	14.7%
Total operating expenses	62.1%	57.3%	57.7%	59.0%	57.8%	57.6%
EBITDA	37.9%	42.7%	42.3%	41.0%	42.2%	42.4%
Depreciation	32.9%	18.9%	14.1%	14.1%	13.6%	13.4%
EBITA	5.0%	23.8%	28.1%	26.9%	28.6%	29.0%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.1%	-0.3%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	4.9%	24.1%	28.1%	26.9%	28.6%	29.0%
Interest income	0.5%	0.6%	1.7%	1.8%	1.8%	1.7%
Interest expenses	3.2%	1.9%	2.2%	0.2%	0.2%	0.2%
Investment income	0.2%	-0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	1.5%	1.6%	1.5%
Recurring pretax income from continuing operations	2.3%	22.8%	27.7%	28.4%	30.1%	30.5%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	2.3%	22.8%	27.7%	28.4%	30.1%	30.5%
Tax rate	30.4%	18.9%	26.8%	25.0%	23.0%	23.0%
Net income from continuing operations	1.6%	18.5%	20.3%	21.3%	23.2%	23.5%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	1.6%	18.5%	20.3%	21.3%	23.2%	23.5%
Minority interest	0.7%	2.9%	2.2%	2.3%	2.5%	2.5%
Net profit (reported)	0.9%	15.6%	18.1%	19.0%	20.7%	21.0%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	165.6	159.2	162.2	165.2	168.2	168.2
Property, plant and equipment	1,403.9	1,339.2	1,311.4	1,379.1	1,449.3	1,520.4
Financial assets	191.8	189.5	189.5	189.5	189.5	189.5
FIXED ASSETS	1,761.3	1,687.9	1,663.1	1,733.7	1,806.9	1,878.1
Inventories	6.4	7.3	7.5	8.1	8.6	8.9
Accounts receivable	110.7	100.7	89.3	96.5	102.1	106.2
Other assets and short-term financial assets	14.2	0.0	0.0	0.0	0.0	0.0
Liquid assets	181.3	429.0	405.3	436.4	482.1	525.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	312.5	537.1	502.1	541.0	592.7	640.4
TOTAL ASSETS	2,073.8	2,224.9	2,165.2	2,274.7	2,399.7	2,518.5

SHAREHOLDERS EQUITY	1,210.0	1,323.6	1,427.6	1,508.6	1,602.7	1,689.3
MINORITY INTEREST	104.5	124.9	145.0	167.8	194.1	221.8
Provisions for pensions and similar obligations	167.4	173.9	173.9	173.9	173.9	173.9
Other provisions and accrued liabilities	63.4	69.3	69.3	69.3	69.3	69.3
Short-term liabilities to banks	51.3	25.0	0.0	0.0	0.0	0.0
Accounts payable	29.8	35.3	91.3	49.6	52.5	54.6
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	132.0	158.8	155.8	155.8	155.8	155.8
Deferred taxes	26.8	27.2	27.2	27.2	27.2	27.2
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	161.8	194.1	247.1	205.5	208.3	210.5
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	2,073.8	2,224.9	2,165.2	2,274.7	2,399.7	2,518.5

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	8.0%	7.2%	7.5%	7.3%	7.0%	6.7%
Property, plant and equipment	67.7%	60.2%	60.6%	60.6%	60.4%	60.4%
Financial assets	9.2%	8.5%	8.8%	8.3%	7.9%	7.5%
FIXED ASSETS	84.9%	75.9%	76.8%	76.2%	75.3%	74.6%
Inventories	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%
Accounts receivable	5.3%	4.5%	4.1%	4.2%	4.3%	4.2%
Other assets and short-term financial assets	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquid assets	8.7%	19.3%	18.7%	19.2%	20.1%	20.9%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	15.1%	24.1%	23.2%	23.8%	24.7%	25.4%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	58.3%	59.5%	65.9%	66.3%	66.8%	67.1%
MINORITY INTEREST	5.0%	5.6%	6.7%	7.4%	8.1%	8.8%
Provisions for pensions and similar obligations	8.1%	7.8%	8.0%	7.6%	7.2%	6.9%
Other provisions and accrued liabilities	3.1%	3.1%	3.2%	3.0%	2.9%	2.7%
Short-term liabilities to banks	2.5%	1.1%	0.0%	0.0%	0.0%	0.0%
Accounts payable	1.4%	1.6%	4.2%	2.2%	2.2%	2.2%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	6.4%	7.1%	7.2%	6.9%	6.5%	6.2%
Deferred taxes	1.3%	1.2%	1.3%	1.2%	1.1%	1.1%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	7.8%	8.7%	11.4%	9.0%	8.7%	8.4%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	17.9	137.4	188.7	214.6	246.9	259.9
Depreciation of fixed assets (incl. leases)	134.1	131.1	131.8	142.3	144.8	148.8
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	47.7	278.6	325.8	294.9	328.1	342.8
Increase/decrease in inventory	-0.4	-0.9	-0.2	-0.6	-0.5	-0.3
Increase/decrease in accounts receivable	-55.2	12.2	11.4	-7.2	-5.6	-4.1
Increase/decrease in accounts payable	0.0	38.6	56.0	-41.7	2.9	2.1
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-55.7	49.9	67.3	-49.5	-3.2	-2.4
Cash flow from operating activities	105.7	337.6	384.8	354.9	393.1	409.8
CAPEX	60.7	60.5	107.0	213.0	218.0	220.0
Payments for acquisitions	0.1	0.0	0.0	0.0	0.0	0.0
Financial investments	-15.2	287.8	49.6	44.0	55.0	0.0
Income from asset disposals	6.7	43.9	0.0	0.0	0.0	0.0
Cash flow from investing activities	-38.8	-304.5	-156.6	-257.0	-273.0	-220.0
Cash flow before financing	66.9	33.1	163.6	-12.9	-6.4	44.2
Increase/decrease in debt position	-116.4	-51.6	-236.9	-0.0	-2.9	-1.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	64.6	110.7	126.5	145.6
Others	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-116.4	-51.6	-301.5	-110.8	-129.4	-146.6
Increase/decrease in liquid assets	-49.5	-18.4	-73.3	-12.9	-9.3	43.2
Liquid assets at end of period	123.6	105.2	31.9	19.0	9.7	52.9

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	22.0%	70.2%	34.5%	8.1%	5.8%	4.0%
EBITDA growth	185.5%	91.7%	33.0%	4.9%	8.7%	4.6%
EBIT growth	-123.1%	737.8%	56.6%	3.3%	12.4%	5.5%
EPS growth	-105.1%	2787.8%	56.3%	13.7%	15.1%	5.3%
Efficiency						
Sales per employee	83.8	147.2	193.1	203.3	215.1	223.8
EBITDA per employee	31.8	62.9	81.6	83.4	90.7	94.8
No. employees (average)	4,858	4,704	4,823	4,950	4,950	4,950
Balance sheet analysis						
Avg. working capital / sales	17.7%	8.1%	5.0%	6.3%	3.0%	5.2%
Inventory turnover (sales/inventory)	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable turnover	99.3	53.1	35.0	35.0	35.0	35.0
Accounts payable turnover	26.7	18.6	35.8	18.0	18.0	18.0
Cash flow analysis						
Free cash flow	45.1	277.1	277.8	141.9	175.1	189.8
Free cash flow/sales	11.1%	40.0%	29.8%	14.1%	16.5%	17.1%
FCF / net profit	252.6%	201.7%	147.2%	66.1%	70.9%	73.0%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	150.7	-149.1	-362.4	-393.5	-442.1	-486.3
Net Debt/EBITDA	1.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	0.0%	59.9%	65.7%	66.0%	66.0%	66.0%
Interest paid / avg. debt	3.8%	3.7%	10.8%	1.4%	5.2%	5.0%
Returns						
ROCE	1.1%	9.1%	13.9%	13.9%	14.6%	14.6%
ROE	0.3%	8.2%	11.8%	12.7%	13.8%	13.7%
Adjusted FCF yield	3.5%	7.9%	7.6%	7.0%	7.8%	8.3%
Dividend yield	0.0%	1.5%	2.6%	3.0%	3.4%	3.6%
DPS	0.0	0.8	1.3	1.5	1.7	1.8
EPS reported	0.04	1.29	2.01	2.29	2.63	2.77
Average number of shares	83.9	83.9	83.9	83.9	83.9	83.9
Valuation ratios						
P/BV	3.5	3.2	3.0	2.8	2.6	2.5
EV/sales	11.2	6.2	4.3	4.0	3.7	3.5
EV/EBITDA	29.5	14.4	10.3	9.7	8.8	8.4
EV/EBIT	228.2	25.5	15.5	14.8	13.0	12.2

Source: Company data, NuWays

Disclosures

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Company	Disclosures
Flughafen Wien AG	2

Historical target price and rating changes for Flughafen Wien AG

Company	Date	Analyst	Rating	Target Price	Close
Flughafen Wien AG	28.02.2024	Wendisch, Henry	Hold	EUR 57.00	EUR 50.00
	18.01.2024	Wendisch, Henry	Hold	EUR 52.00	EUR 49.55
	16.11.2023	Wendisch, Henry	Hold	EUR 46.00	EUR 49.70
	14.07.2023	Wendisch, Henry	Hold	EUR 45.00	EUR 46.65
	13.06.2023	Wendisch, Henry	Hold	EUR 45.00	EUR 44.85
	12.06.2023	Wendisch, Henry	Hold	EUR 44.00	EUR 45.20

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

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