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Privatization in the Greek Aviation Sector: Examining the Case of Fraport

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Abstract

In the past three decades, major Greek airports like Eleftherios Venizelos International Airport in Athens and Kastelli International Airport in Crete have been privatized. The privatization of Greek regional airports, especially with respect to the recent Fraport Greece Cluster A and B Concession, reflects a broader trend of involving private sector expertise in public infrastructure. This case study examines the financial and operational impacts of the 40-year concession Cluster A, which encompasses seven airports. Initial investments for upgrades, transferring operational risks, and leveraging private sector expertise, have driven improvements in airport facilities and service quality, as evidenced by awards for service quality at Thessaloniki Airport. However, challenges such as high debt-to-equity ratios and pandemic disruptions underscore the need for continuous financial monitoring and governance. Using financial ratio analysis, the Economic Value Added (EVA) model, and the Enterprise valuation is critical when it comes to identifying both potential and limitations in assessing privatization financial outcomes. It also highlights areas for further research and refinement, while lessons from this concession provide insights for future airport privatization projects. Last, it emphasizes the balance between operational efficiency, financial sustainability, investment risks for similar projects globally, and service excellence.

Keywords: concession contracts; airport privatization; financial assessment; Economic Value Added (EVA); COVID-19.