

Incheon Airport Commercial Status



Incheon Airport Overview

Commercial Status of Incheon

Role of Retail for Airports in the Future

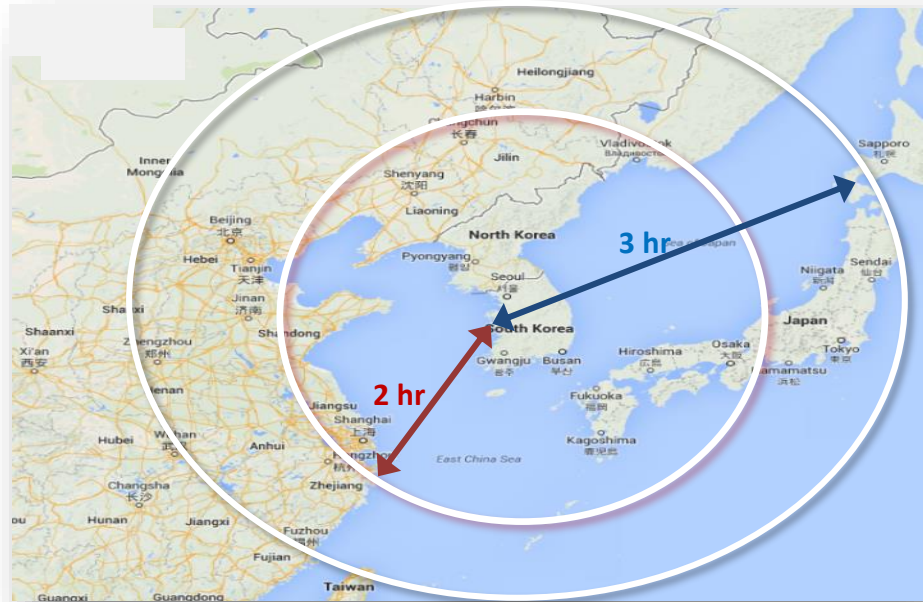
I. Incheon Airport Overview

Great Location

ICN is located in an excellent hub

Advantageously located, ICN is currently connecting to **74 cities within a 3hr flight range**

Over 400 million potential travelers within 3 hour flight of ICN



Approximate ICN range for high density narrow-body fleets



South Korea's travel demand

- **52 million** of population
- Over 25 million have a passport
- **20 million** in Seoul and its metropolitan area

Extensive travel networks

Incheon Airport **maximizes travel convenience** by operating **extensive travel networks**



*90 airlines currently connecting
over 188 destinations in 60 countries*

* As of December 2017



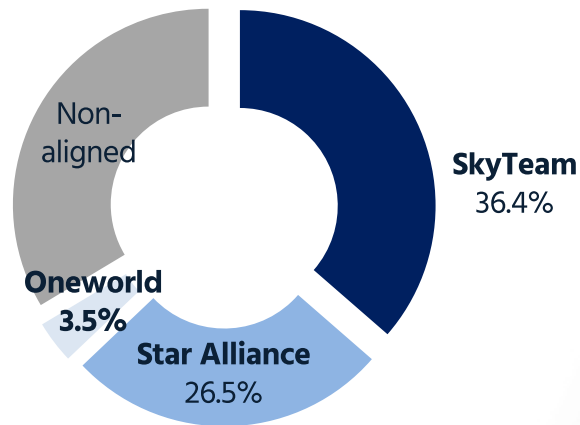
36 Cities in China



24 Cities in Japan

One of the top hub airports in NE Asia

Two hub carriers with opportunity to expand via **alliance cooperation**



Overall Statistics

Historical Traffic (2014-2018)



387,497

360,295 (+6.1%)
339,673(+11.2%)
305,446(+5.3%)
290,043

+ 7.5%

Unit: flights



68 million

62.1 million (+7.5%)
57.8 million(+17.2%)
49.3 million(+8.3%)
45.5 million

+10.7%

unit: paxs



3.0 million

2.92 million(+7.6%)
2.71 million (+4.6%)
2.59 million (+1.5%)
2.55 million

+ 3.7%

unit: tons



Growth of Incheon Airport

Thanks to the rapid growth since its opening, Incheon Airport became one of **the Top 5 International Passenger Airport**

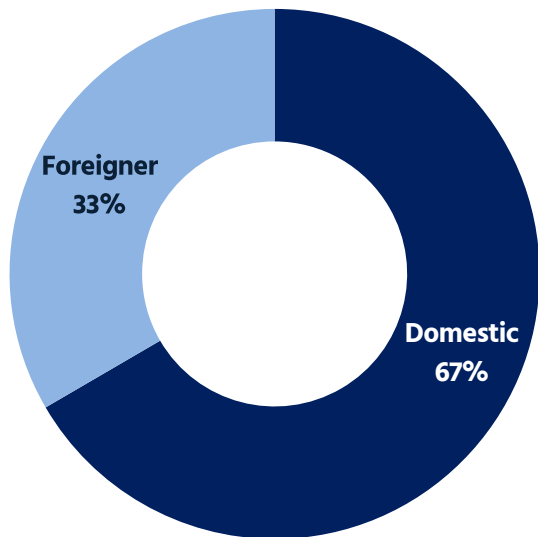


Top 10 Global Airport in Int'l Passengers (2018)

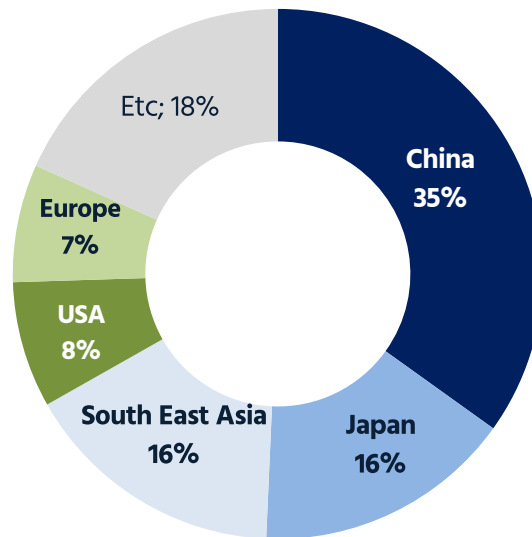
1	Dubai
2	London(Heathrow)
3	Hong Kong
4	Amsterdam(Schiphol)
5	Incheon Airport
6	Paris(CDG)
7	Singapore(Changi)
8	Frankfurt
9	Bangkok(BKK)
10	Istanbul

Incheon Airport Passenger Profile

Total Passenger by Nationality



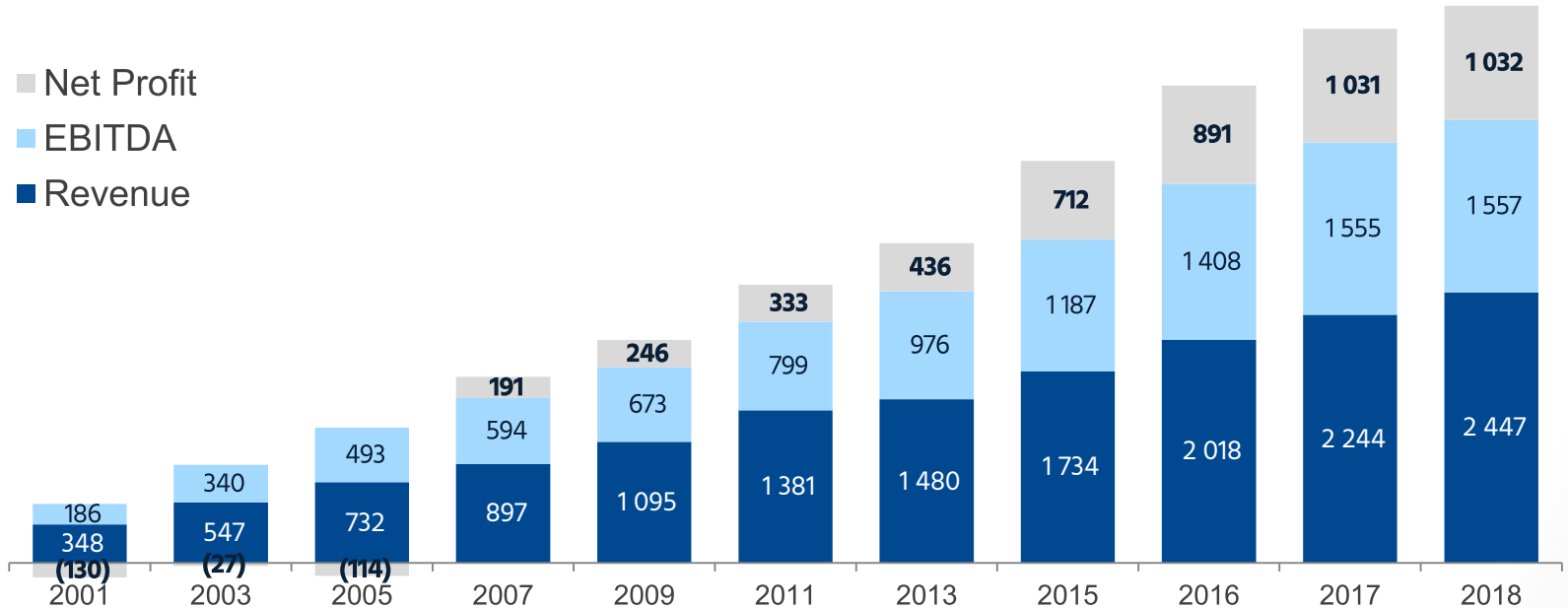
By Nationality (Foreigner)



Financial Performance

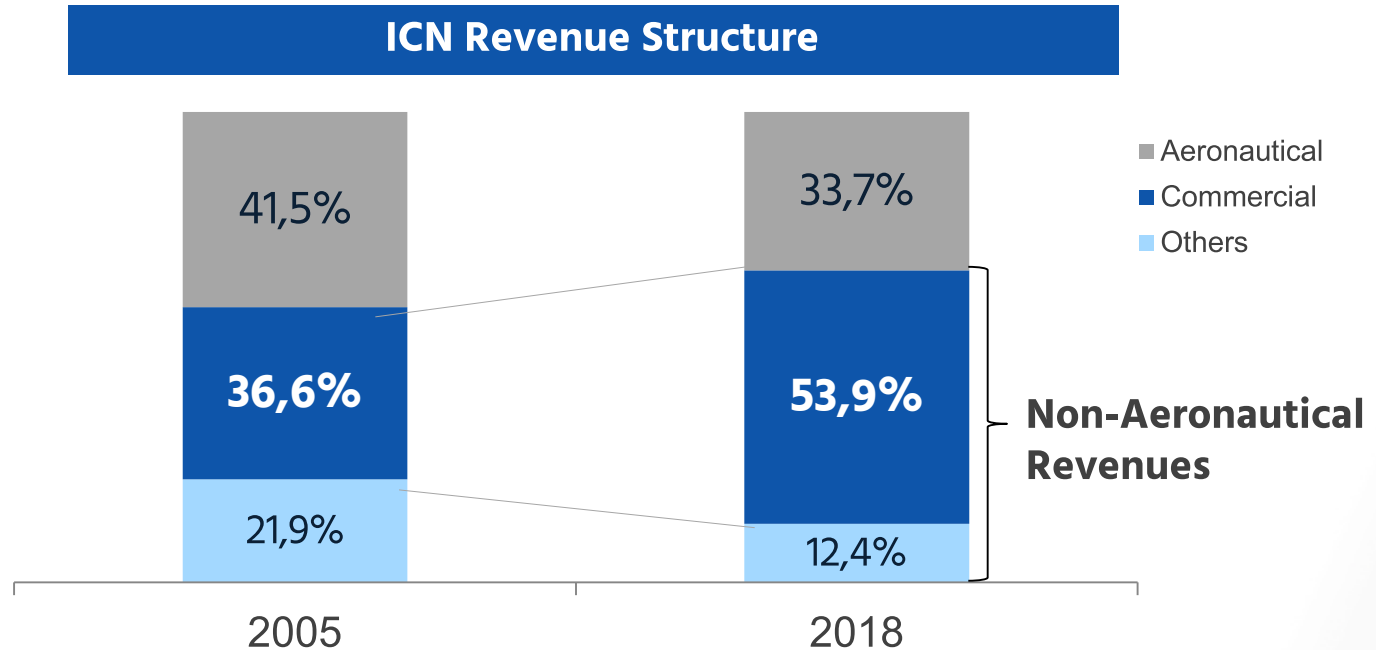
Based on strong financial status, ICN shows the best and **sound business performances**

(Unit: \$million)



Revenues

Concessions revenue reaches 54% of Incheon airport's total revenue and 82% of non-aeronautical revenues



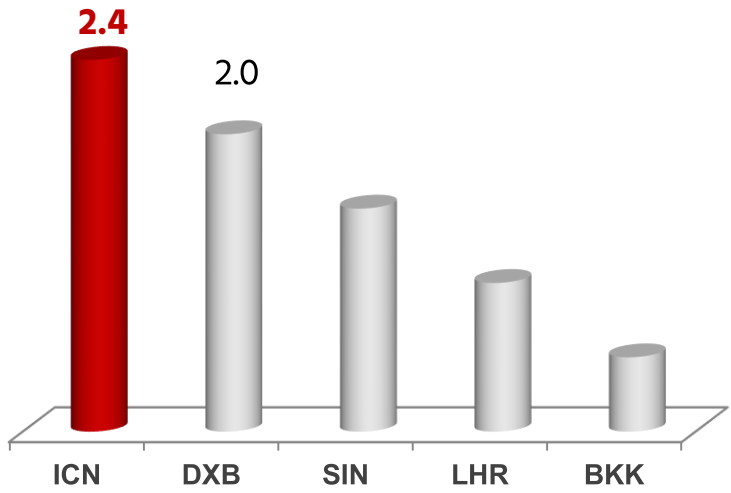
II. Commercial Status of Incheon

Duty Free in 2018 at Incheon

Incheon Airport was ranked **top in duty free sales in the world since 2016**
- **2.4 billion USD** in 2018

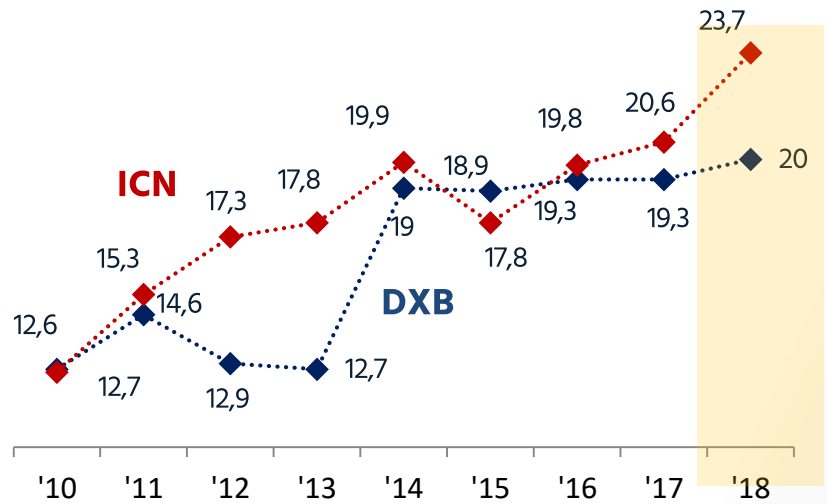
2018 World Duty Free Ranking

(\$billion)



Duty Free Sales (ICN vs DXB)

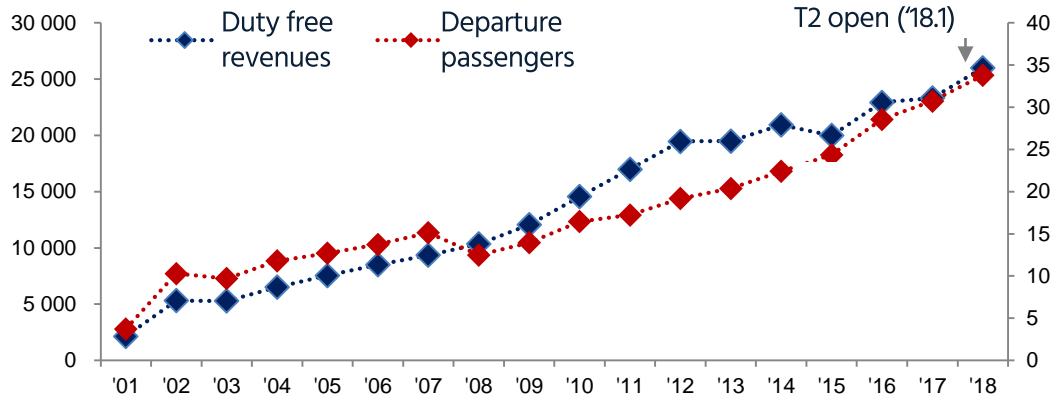
(\$100 million)



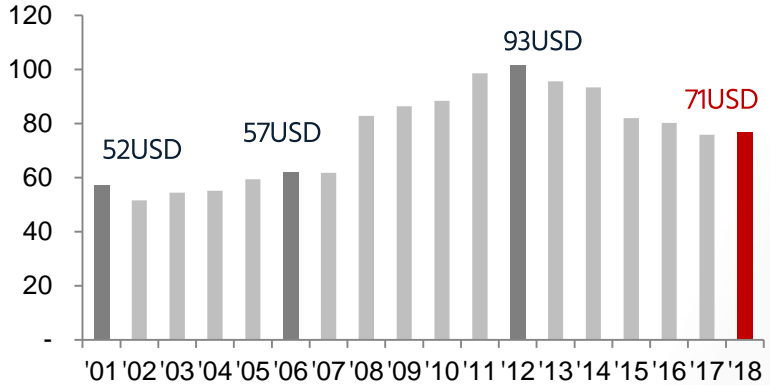
Duty Free in 2018 at Incheon

Sharp increase in revenues from the **successful opening of Terminal 2**
 - 12% increased by 2017

Duty free revenues and Departure passenger



Spending per passenger



	2017	2018	Gap(%)
Duty free revenues(USD)	2.2 billion	2.4 billion	11.5%
Int'l passengers	31 million	34 million	9.9%
Spending per passenger(USD)	69	71	2%

- **2 concessions, 2 operators** (small/medium)
- **Concessions by terminals**

Concession		Category	Area(m ²)	Outlet	Operator
Small/ Medium	AF1	Cosmetics/Perfume, Liquor, Etc.	380	2	SM
	AF2	Cosmetics/Perfume, Liquor, Etc.	326	1	Entas

Contract Period

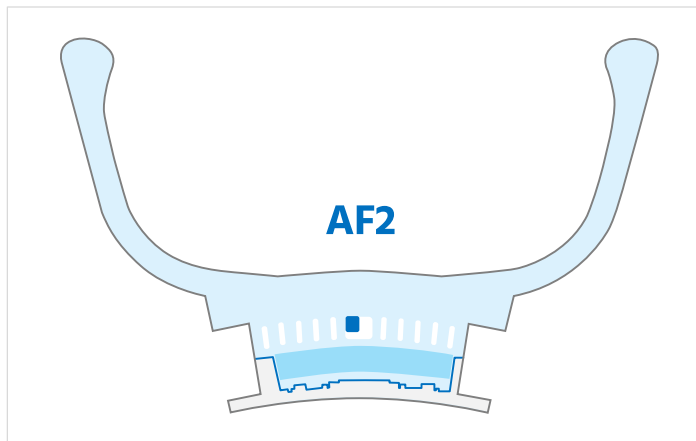
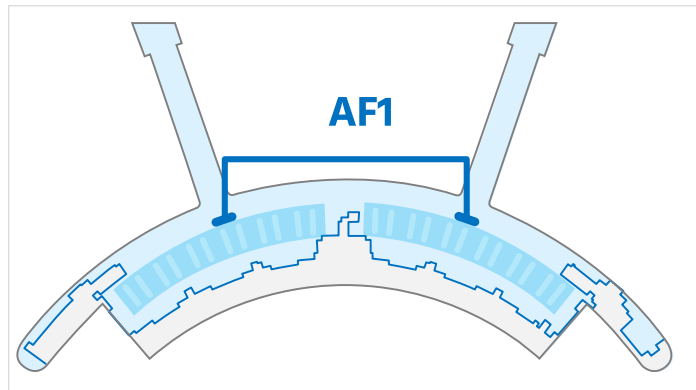
'19. 5. 31 ~ '24. 5. 30 (5 years)

Category

Every product category allowed **except tobacco**

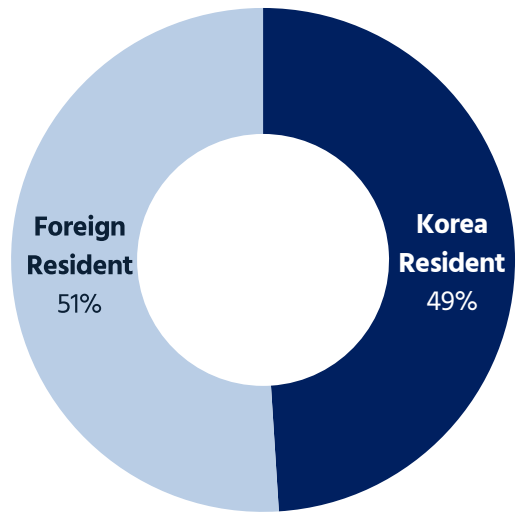
Concession Fee

Percentage rent (no MAG)



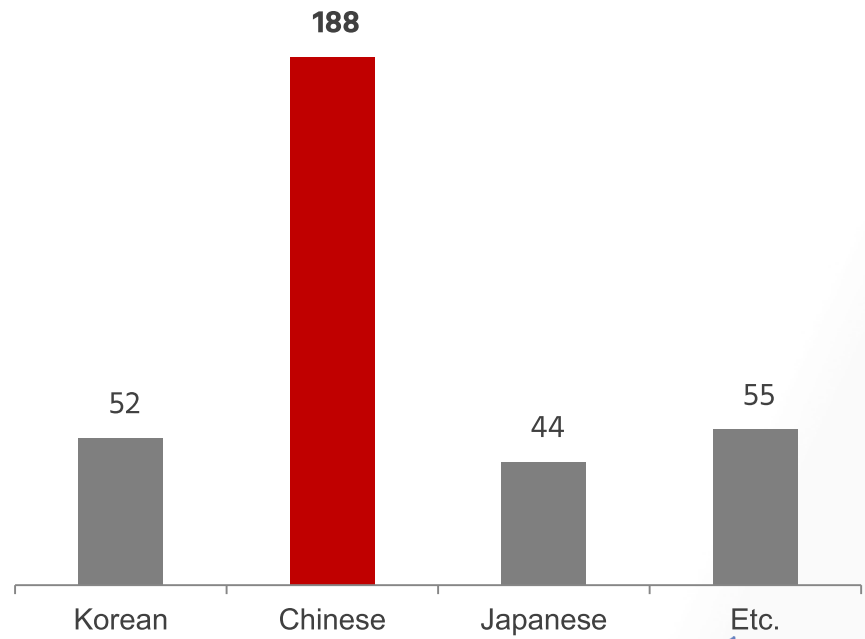
Duty Free Spending per Passenger

Duty free sales proportion



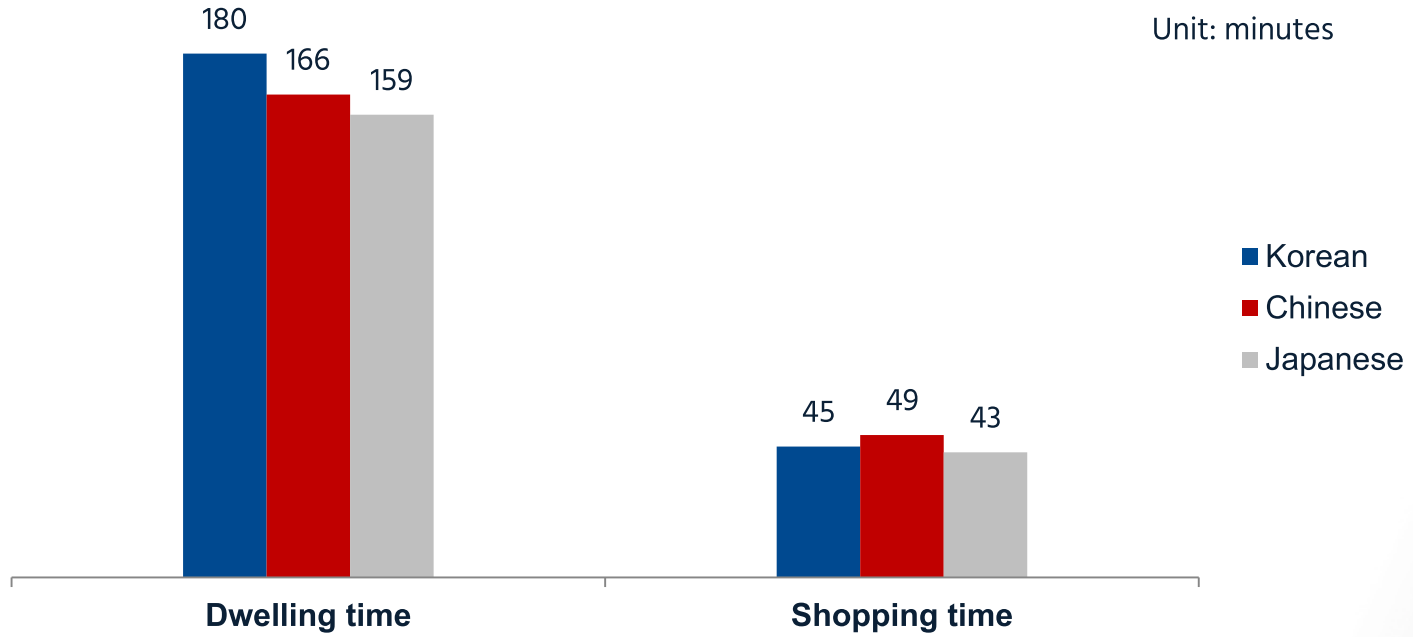
Spending per passenger [by nationality]

(Unit: \$)



Dwelling & Shopping Time

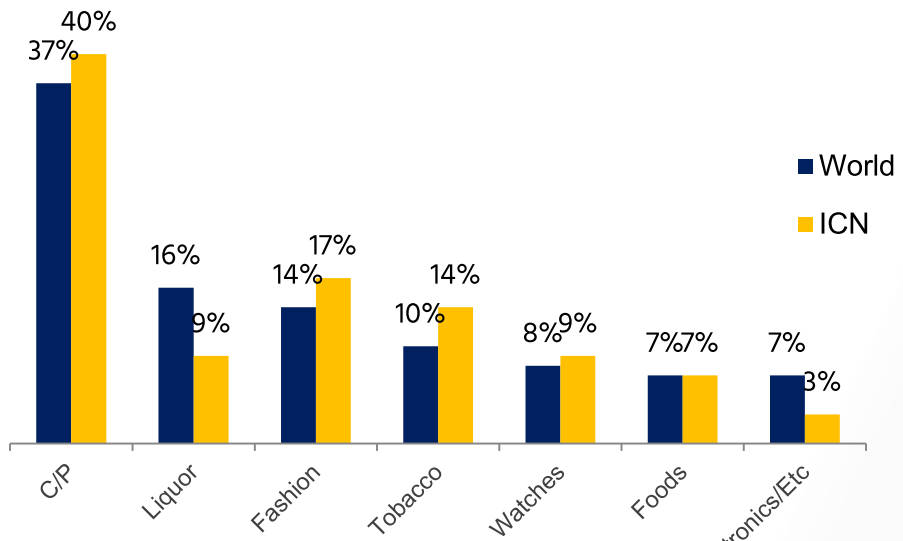
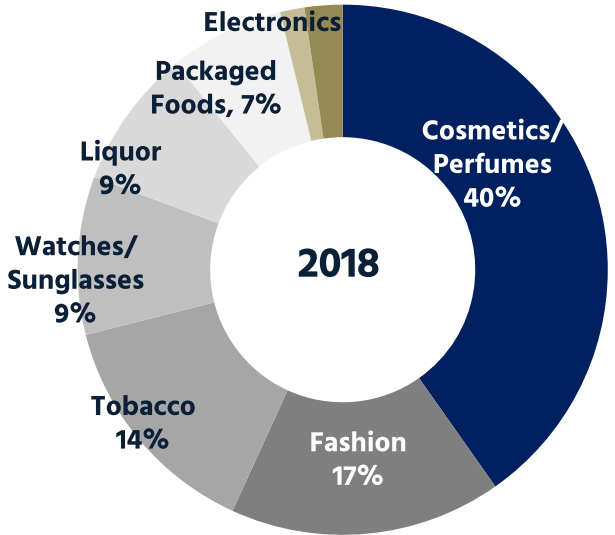
At Incheon airport, passengers **shop less than 1 hour**



Duty Free Sales by Category

Cosmetics/ Perfume: the top sales category at Incheon in 2018 (948 million USD, 40%)

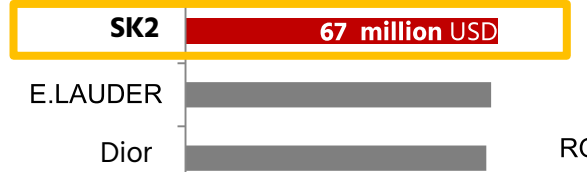
Duty free sales by category



II Commercial Status

Top Brands of Each Category

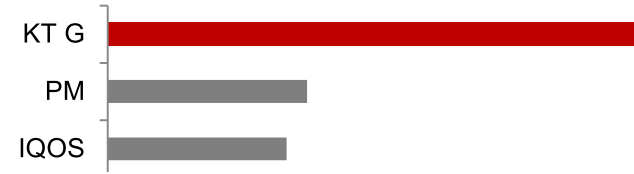
COSMETICS



LIQUOR



TOBACCO



FASHION



CLOTHES

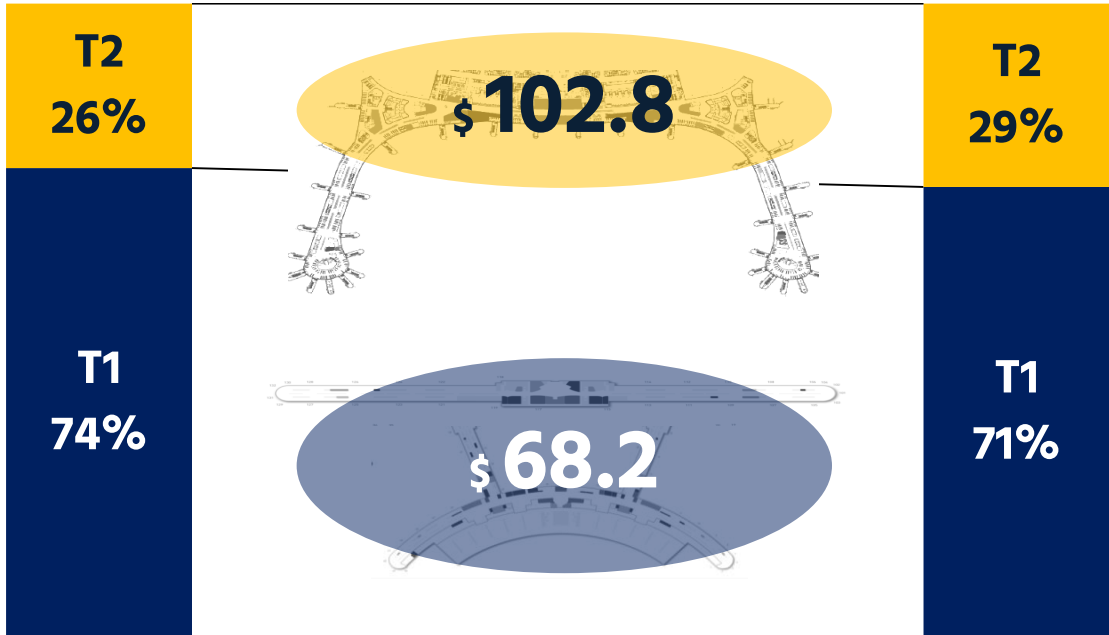


WATCHES



Duty Free Sales by Terminal

Passenger/Duty Free Sales by Terminal



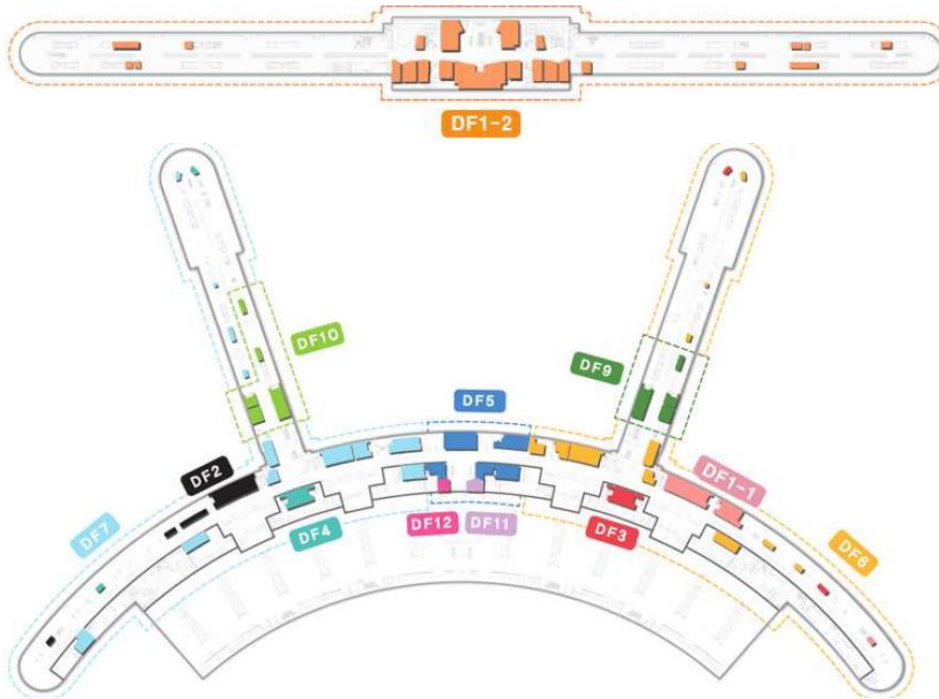
Passenger

Spending per passenger

Duty Free Sales

Duty Free in Terminal 1 Departure

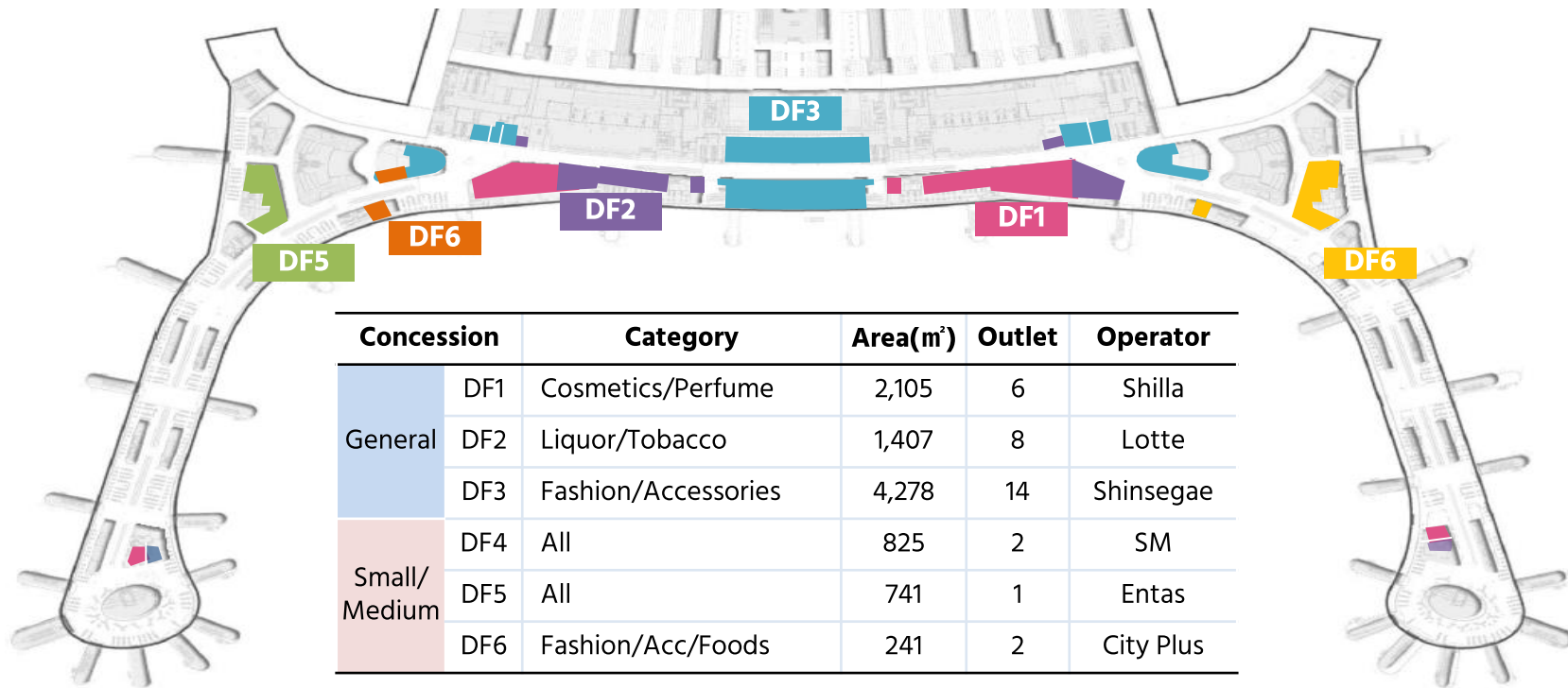
- **12 concessions, 7 operators, 1.7 billion USD of sales (2018)**
- Concessions by main categories



Concession	Category	Area(m ²)	Outlet	Operator	
General	DF1-1	Cosmetics/Perfume	1,324	3	Shinsegae
	DF1-2	All	4,767	19	Shinsegae
	DF2	Cosmetics/Perfume	1,106	4	Shilla
	DF3	Liquor/Tobacco	506	5	Lotte
	DF4	Liquor/Tobacco	486	5	Shilla
	DF5	Boutique	1,814	4	Shinsegae
	DF6	Fashion/Accessories	1,852	10	Shilla
	DF7	Fashion/Accessories	2,786	12	Shilla
Small/Medium	DF9	All	918	5	SM
	DF10	All	924	5	City Plus
	DF11	Cosmetics/Perfume/Acc	234	1	Grand
	DF12	Liquor/Tobacco/Acc	171	1	Entas
	DF8				

Duty Free in Terminal 2 Departure

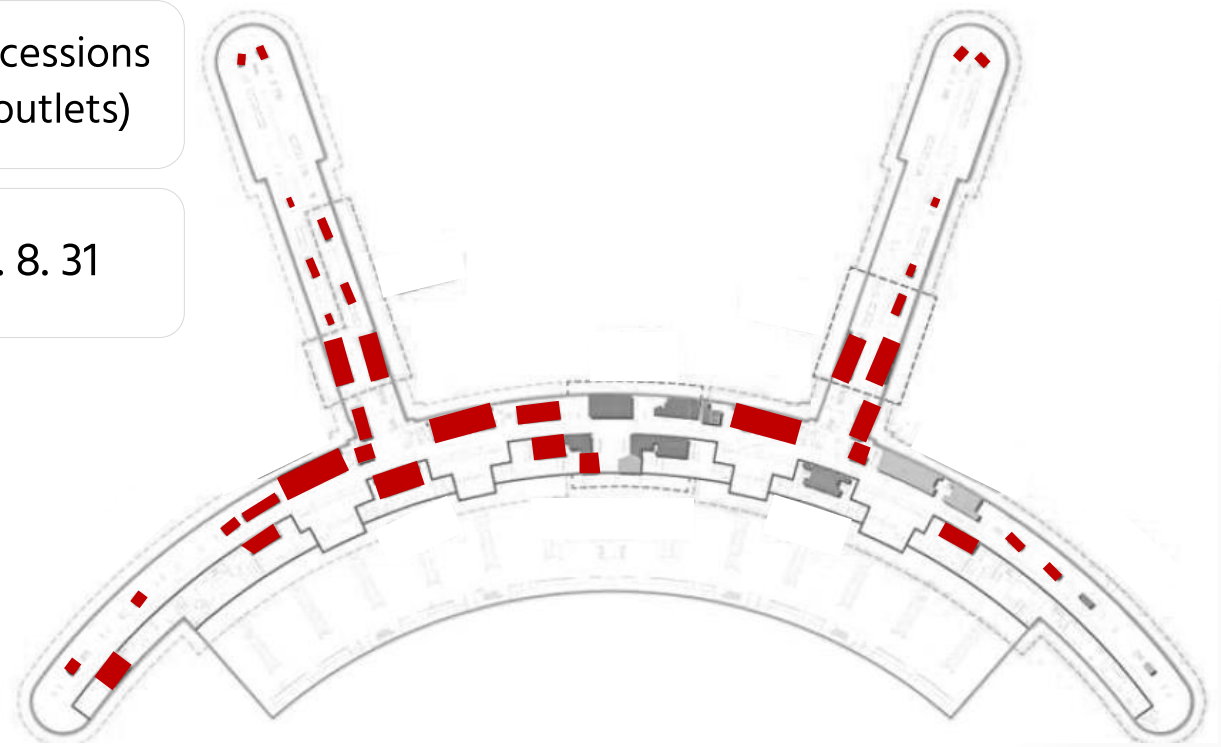
- **6 concessions, 6 operators**, 0.7 billion USD of sales (2018)
- Concessions by main categories



Upcoming Tender later this year

Upcoming Tender later this year

Object	Current 8 concessions (8,749m ² , 48 outlets)
Contract Period	'20. 9. 1 ~ '30. 8. 31



Two main changes

Contract Period

5 years → **10 years**

2020. 9. 1 ~ 2030. 8. 31

Concession Fee Scheme

MAG in combination with % fixed rental
→ **MAG based on PAX**

Upcoming Tender later this year

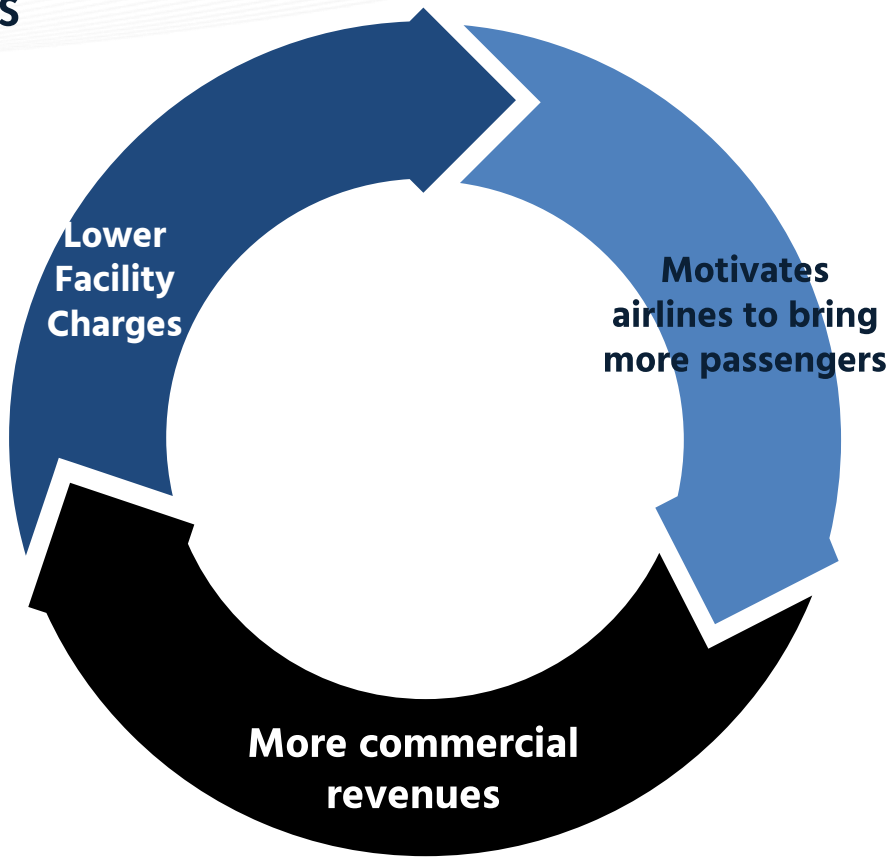


Gebr. Heinemann
Gegründet 1879



III. Future Role of Retail for the Airports

Virtuous Cycle in Airports



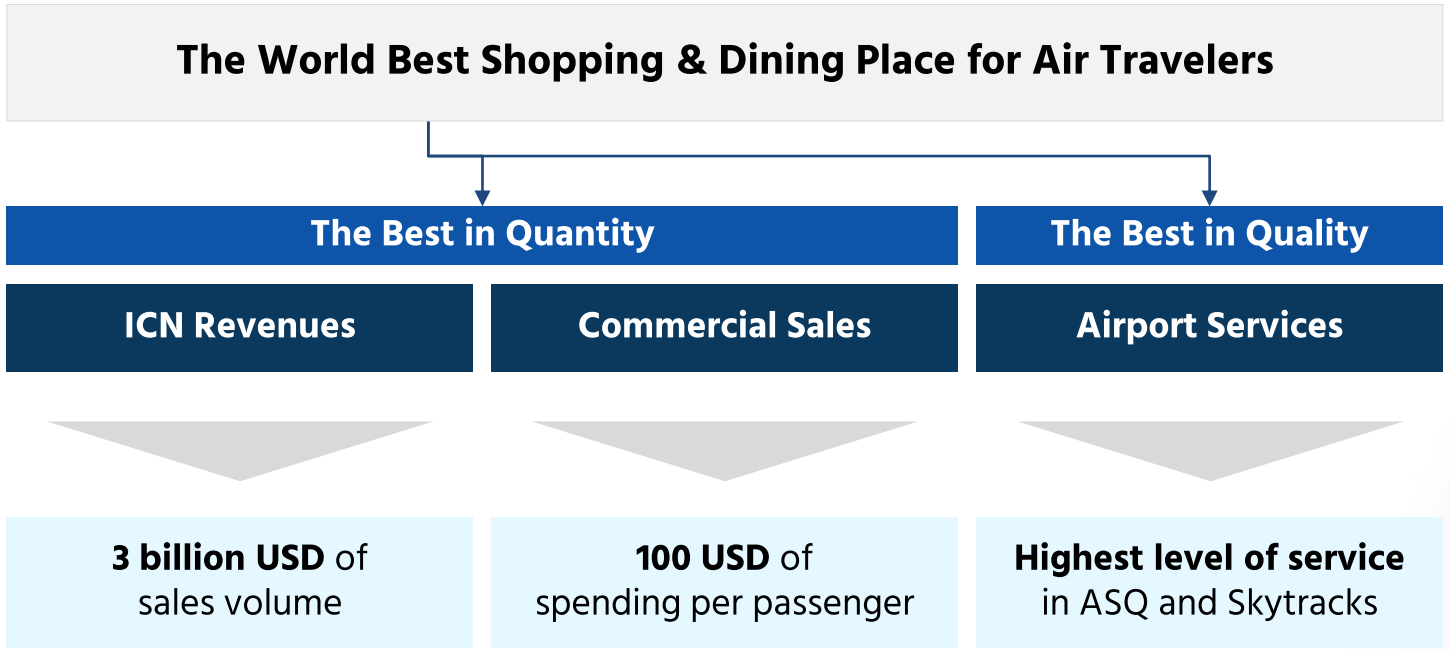
CSR in connection with **local society and developing nations**



Incheon Airport spends 1.2% of commercial revenues for social responsibility

Vision
2025

Target
Performance





Thank you