

STATE OF THE AIRPORT INDUSTRY



Olivier Jankovec
ACI EUROPE Director General

NAG Meeting on Airport Development

Royal NLR, 21 April 2022

 [@aci_europe](https://twitter.com/aci_europe)

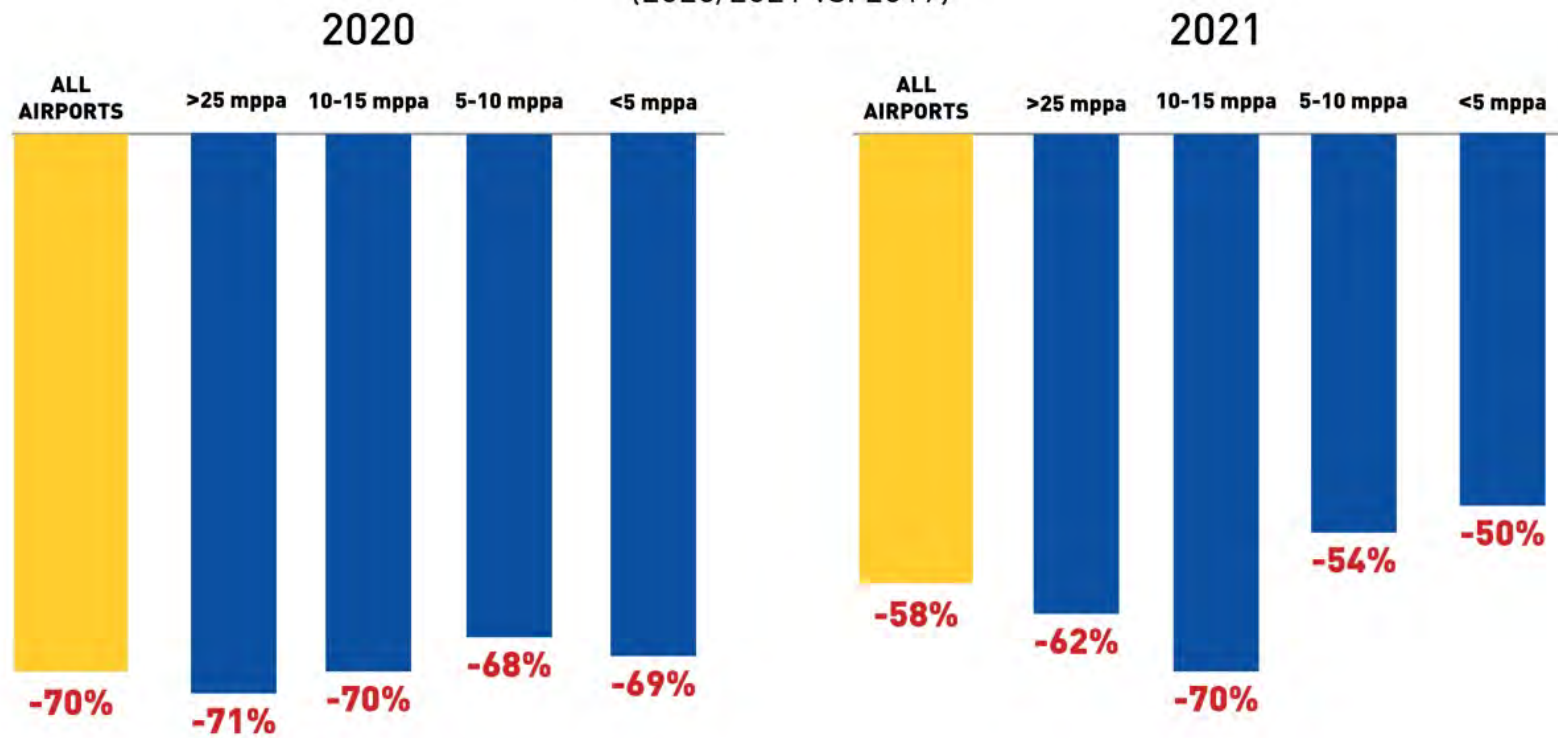




- COVID-19 SLUMP & (slow) RECOVERY

Passenger Traffic

(2020/2021 vs. 2019)

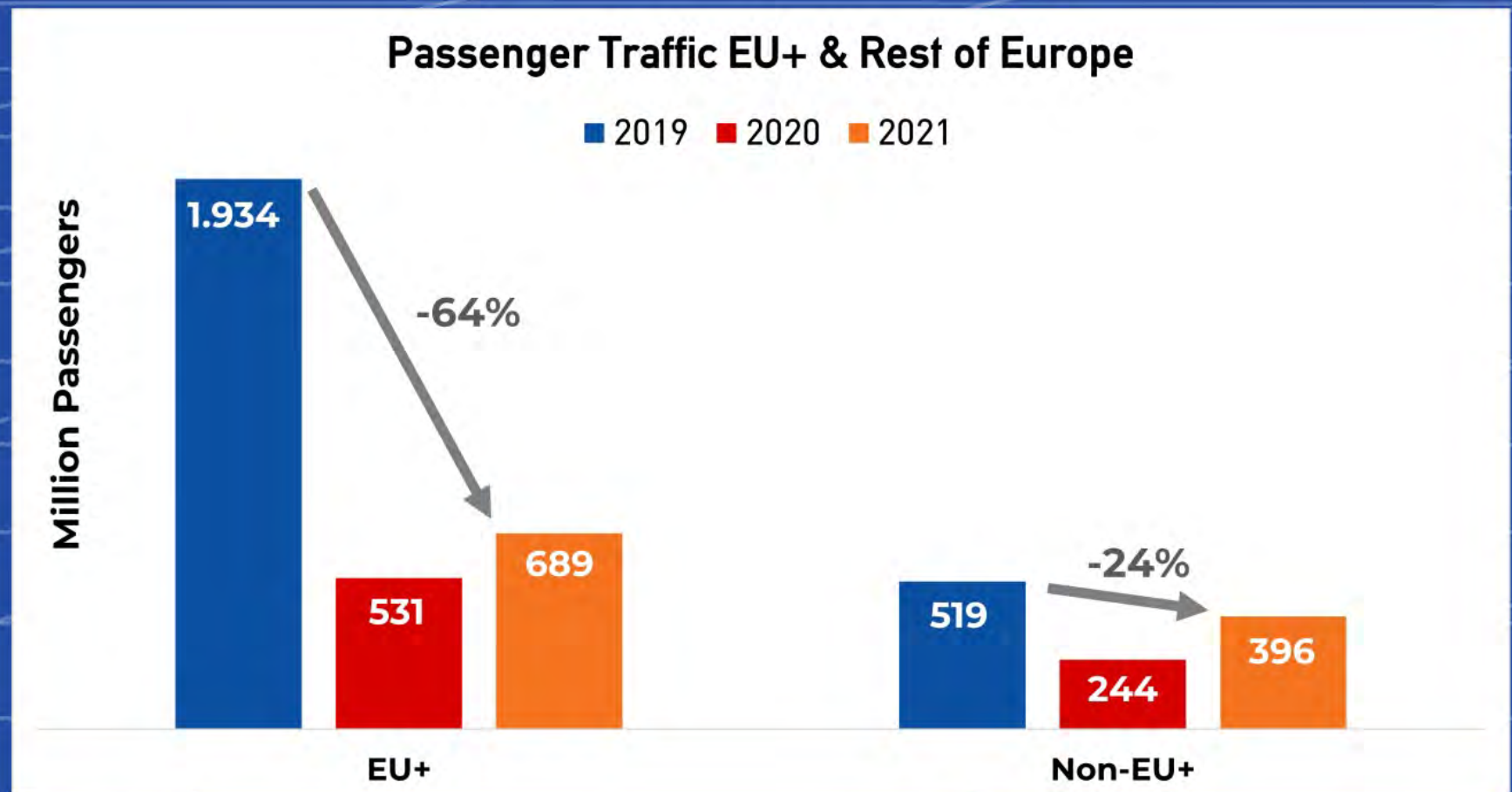


- **Passengers lost over 2020 & 2021**

European airport network:

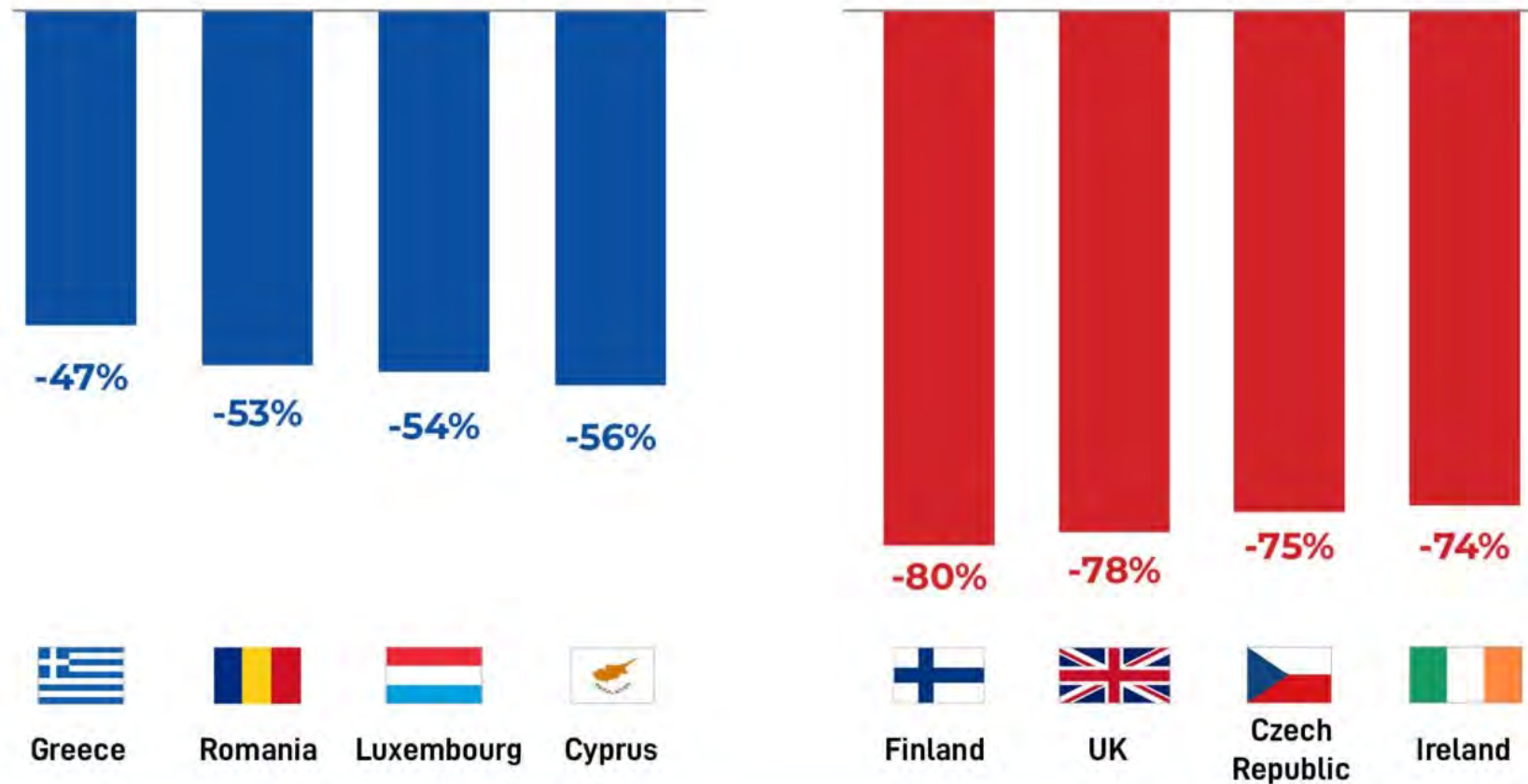
-3.1 billion

• 2021: non-EU+ & Regional airports resilience

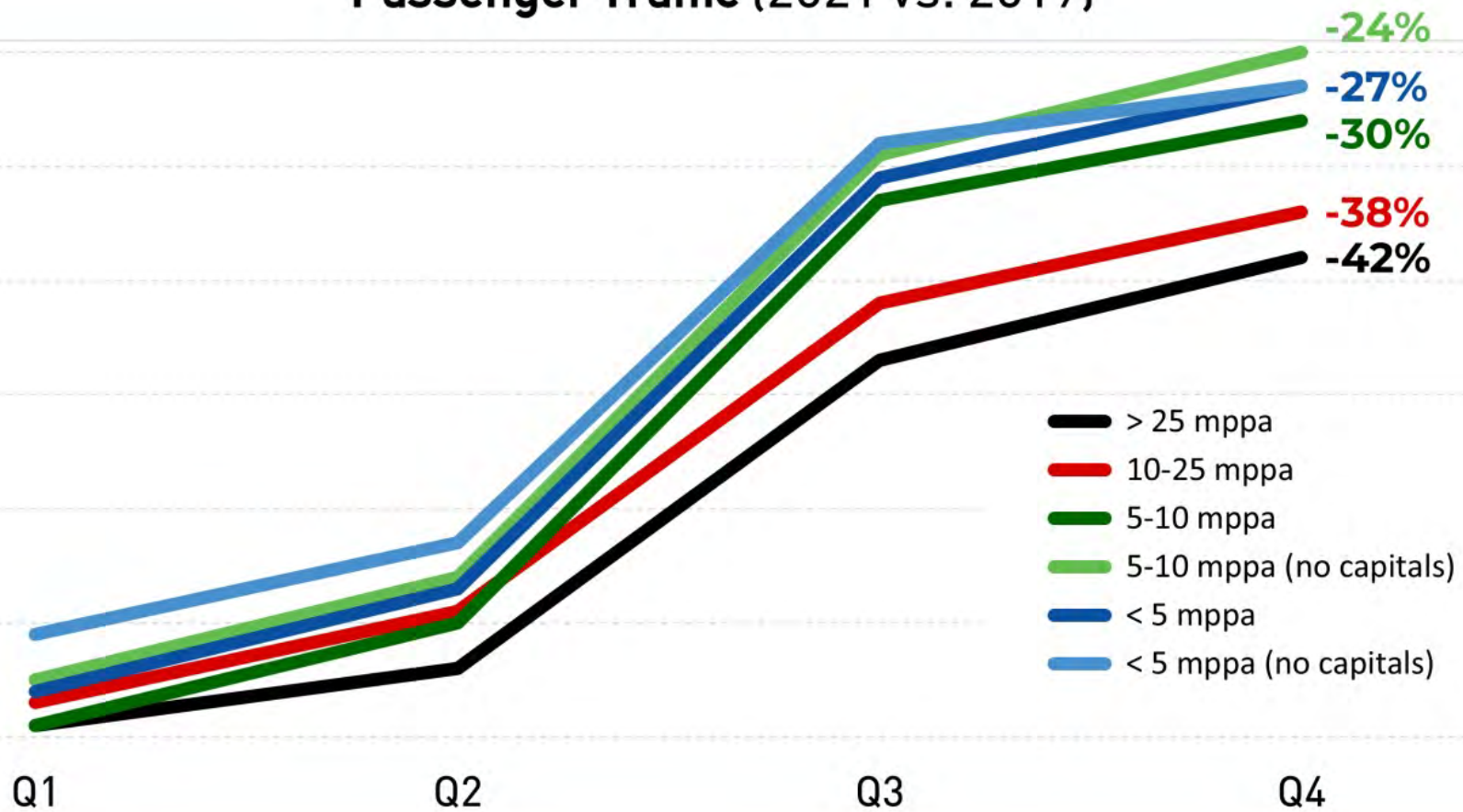


Best & Worst Markets

(Passenger Traffic: 2021 vs. 2019)



Passenger Traffic (2021 vs. 2019)



THE MAJORS @ -63.9%

(Top 5 European airports)

FY 2021 vs. 2019

IST Istanbul

-46%

SVO Moscow

-38%

CDG Paris

-66%

AMS Amsterdam

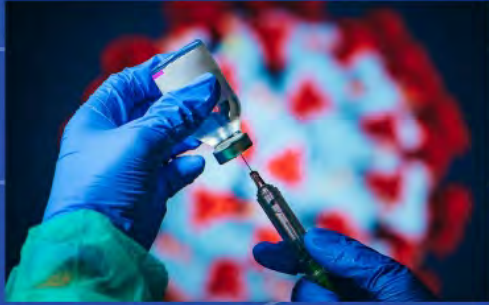
-64%

DME Moscow

-11%

- Intra-European & Leisure/VFR driven recovery

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- December 2021: Regionals outperforming

- Intra-European & Leisure/VFR driven recovery



- December 2021: Regionals outperforming

AJA	Ajaccio	+46%	PMO	Palermo	-6%
HFT	Hammerfest	+9%	PDL	Ponta Delgada	-11%
CLY	Calvi	+8%	FUE	Fuerteventura	-13%
JMK	Mykonos	-4%	TRN	Turin	-14%
MAH	Menorca	-4%	FNC	Funchal	-15%

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- December 2021: THE MAJORS (Top 5 European airports)

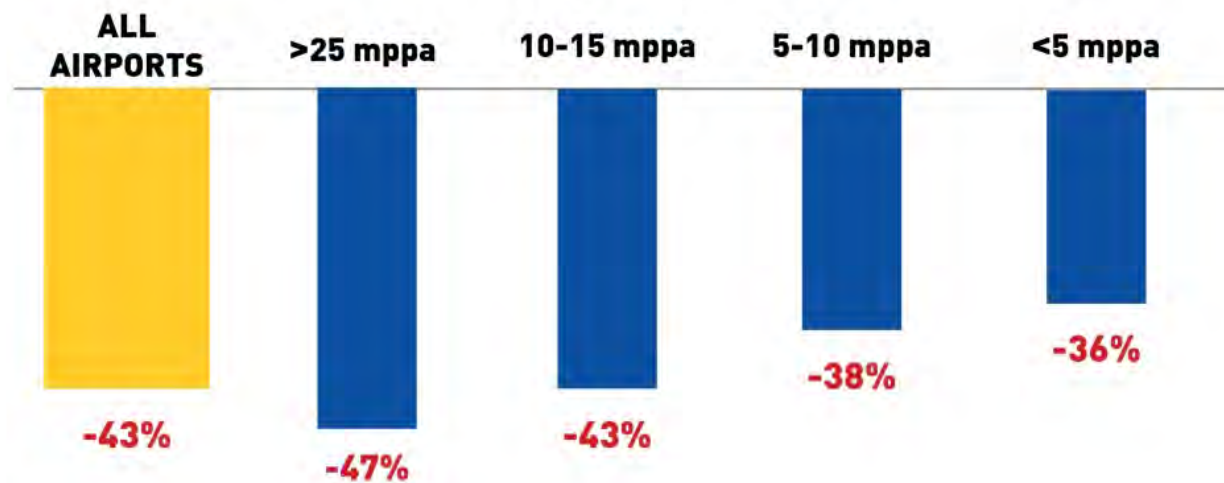
IST	Istanbul	-24%
CDG	Paris	-39%
LHR	London Heathrow	-53%
MAD	Madrid Barajas	-37%
AMS	Amsterdam	-47%

2022 OUTLOOK & BEYOND

- RENEWED UNCERTAINTY

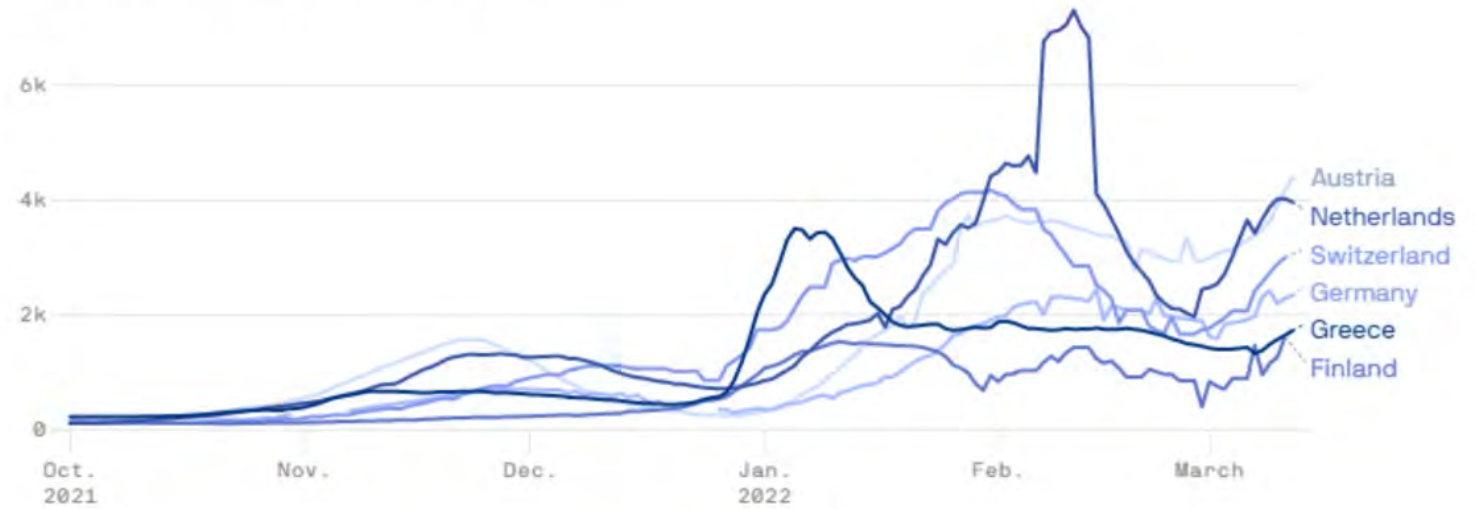
Passenger Traffic

(Jan/Feb 2022 vs. Jan/Feb 2020)



• Omicron wave subsiding...

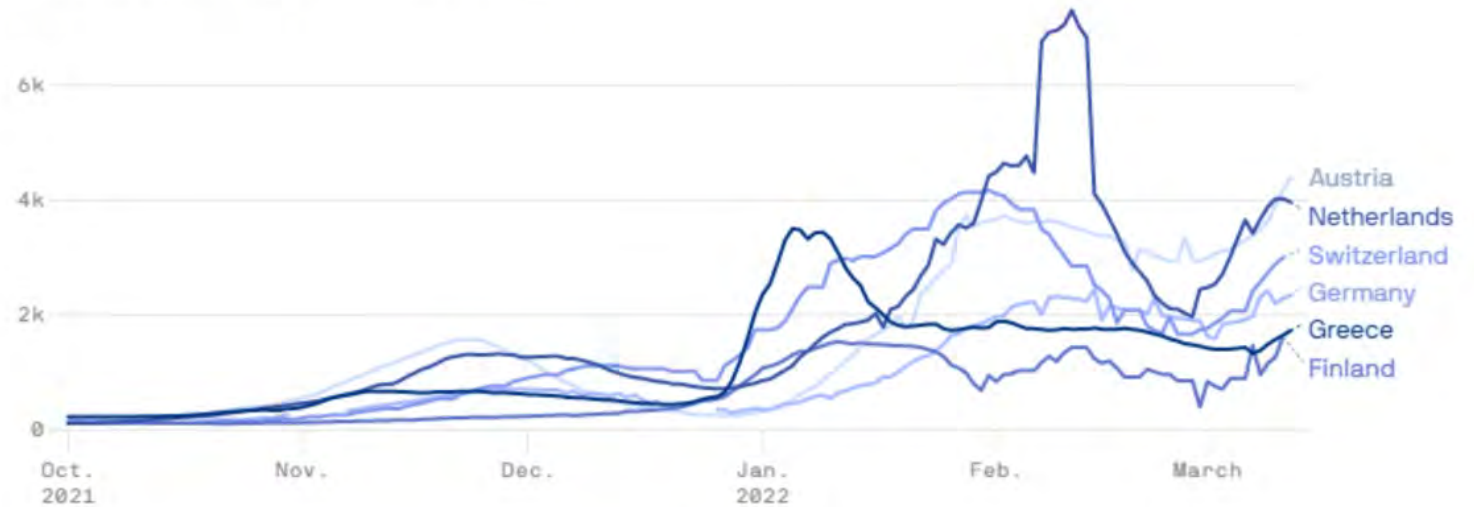
7-day rolling average; Oct. 1, 2021, to March 12, 2022



Data: [Our World in Data](#); Chart: Jared Whalen/Axios

- **Omicron wave subsiding...**

7-day rolling average; Oct. 1, 2021, to March 12, 2022



Data: [Our World in Data](#); Chart: Jared Whalen/Axios

- 2nd Omicron wave coming?

- Ineffectiveness of travel restrictions:

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- Ineffectiveness of travel restrictions:

CONFIRMED



**New research shows travel restrictions in the EU
had little or no impact on the spread of Omicron**

*Airlines and Airports urge all EU states to respect today's EU Council Recommendation and
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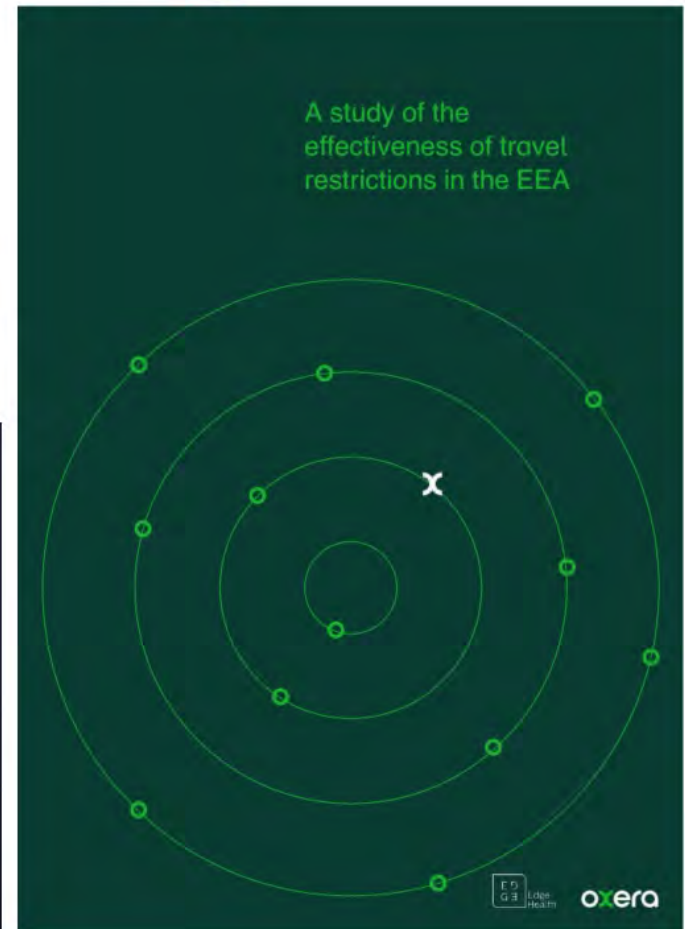


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- EU/EEA/CH easing & coordinating travel regimes...



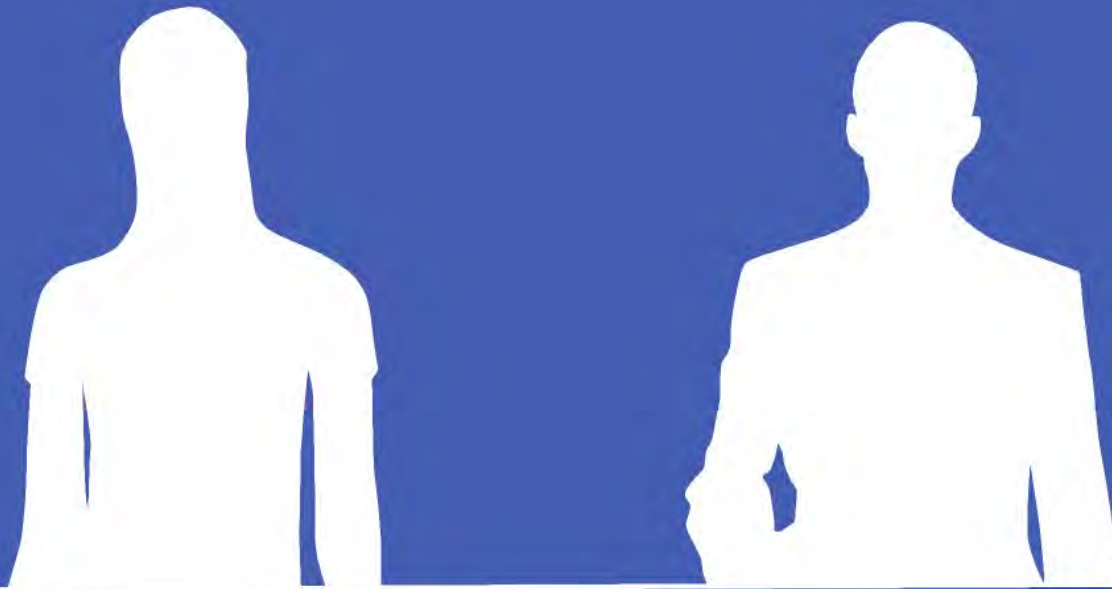
- EU/EEA/CH easing & coordinating travel regimes...



... UK lifting all restrictions



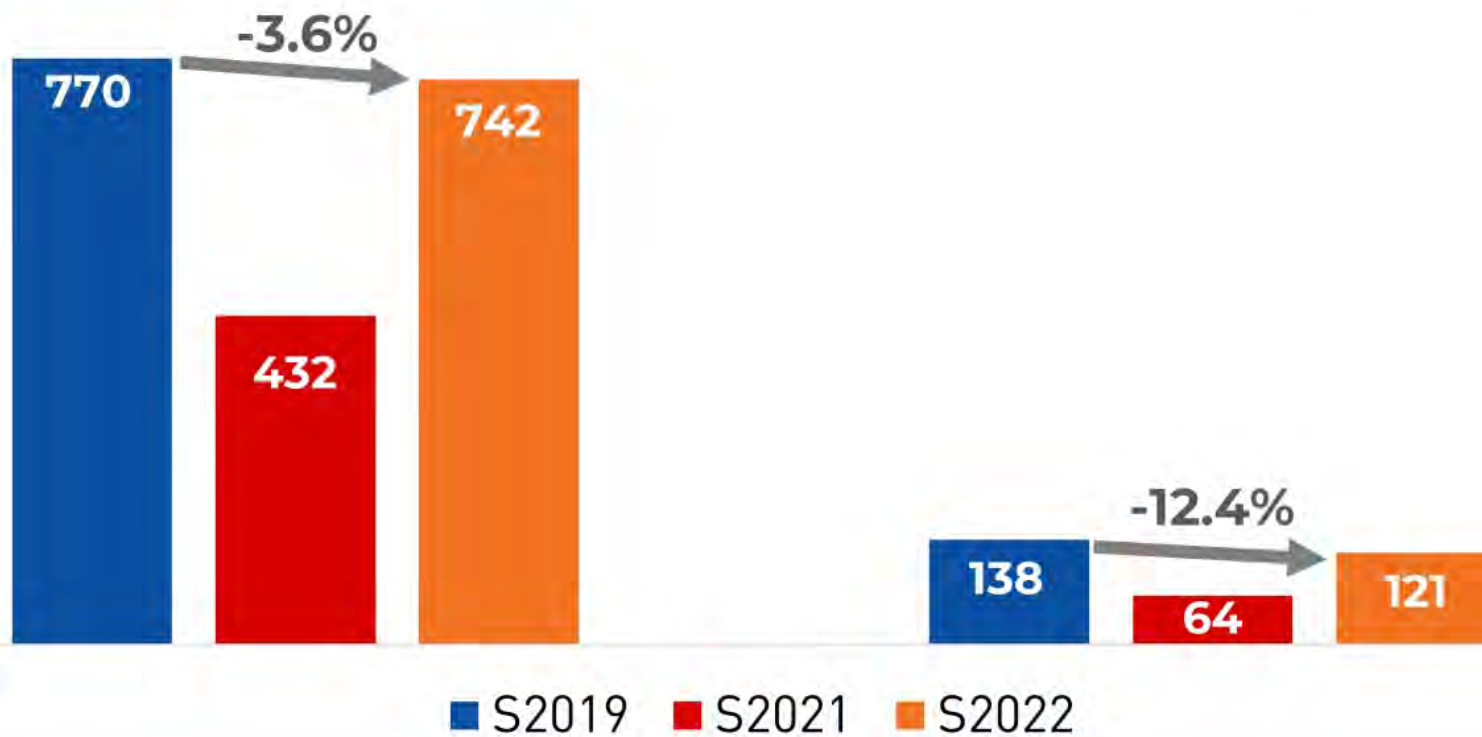
- **Bullish Summer ahead**



Airline seats from European airports (millions)

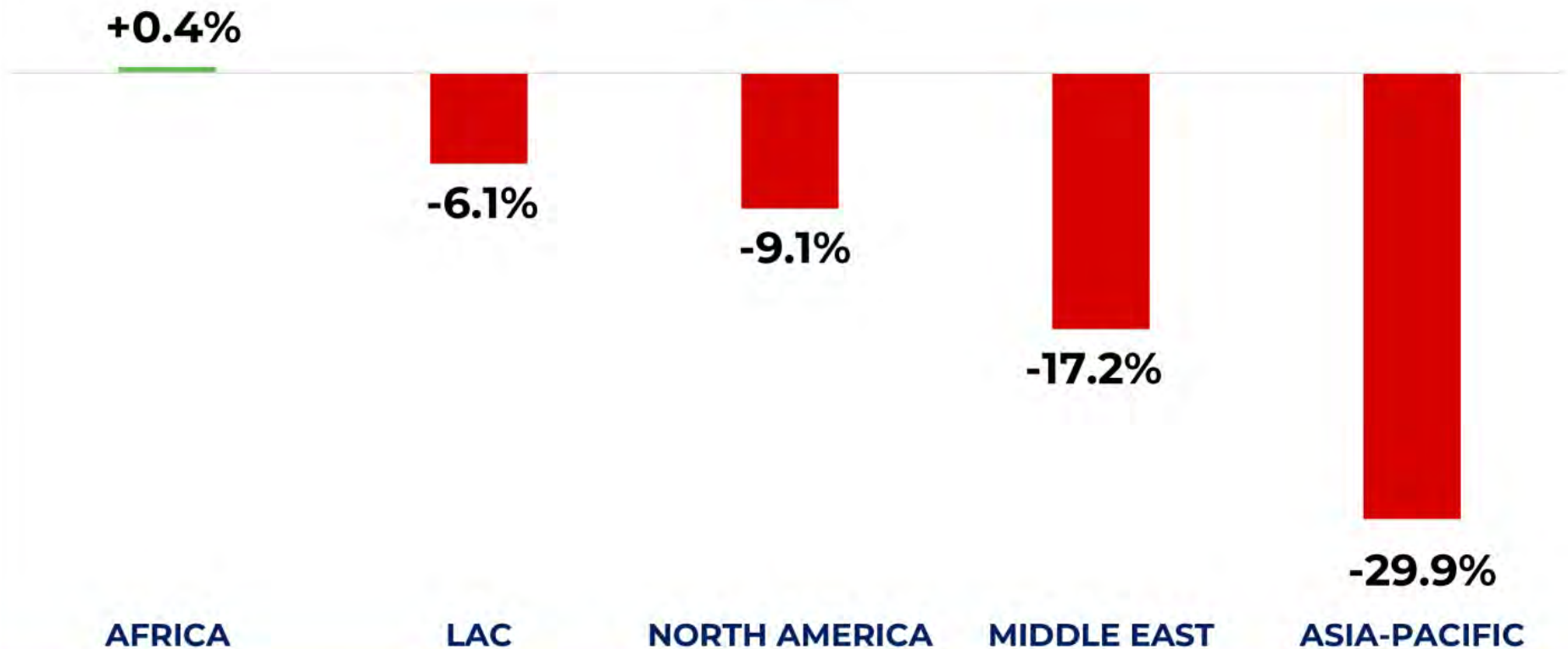
WITHIN EUROPE

OUTSIDE EUROPE



- Intra-Europe & Africa networks better off

**Airline seats from European airports (%)
S2022**



- Regional airports better off

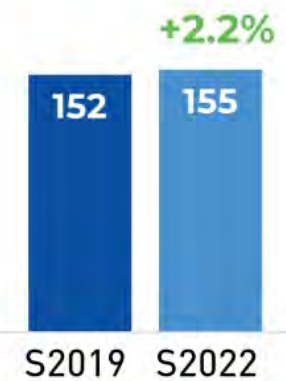
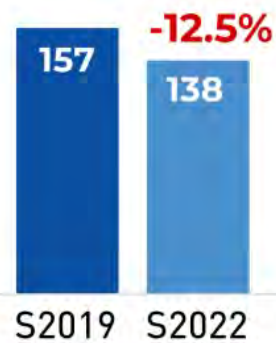
Airline Seats by Airport Groups (millions)

> 25 mppa

10-25 mppa

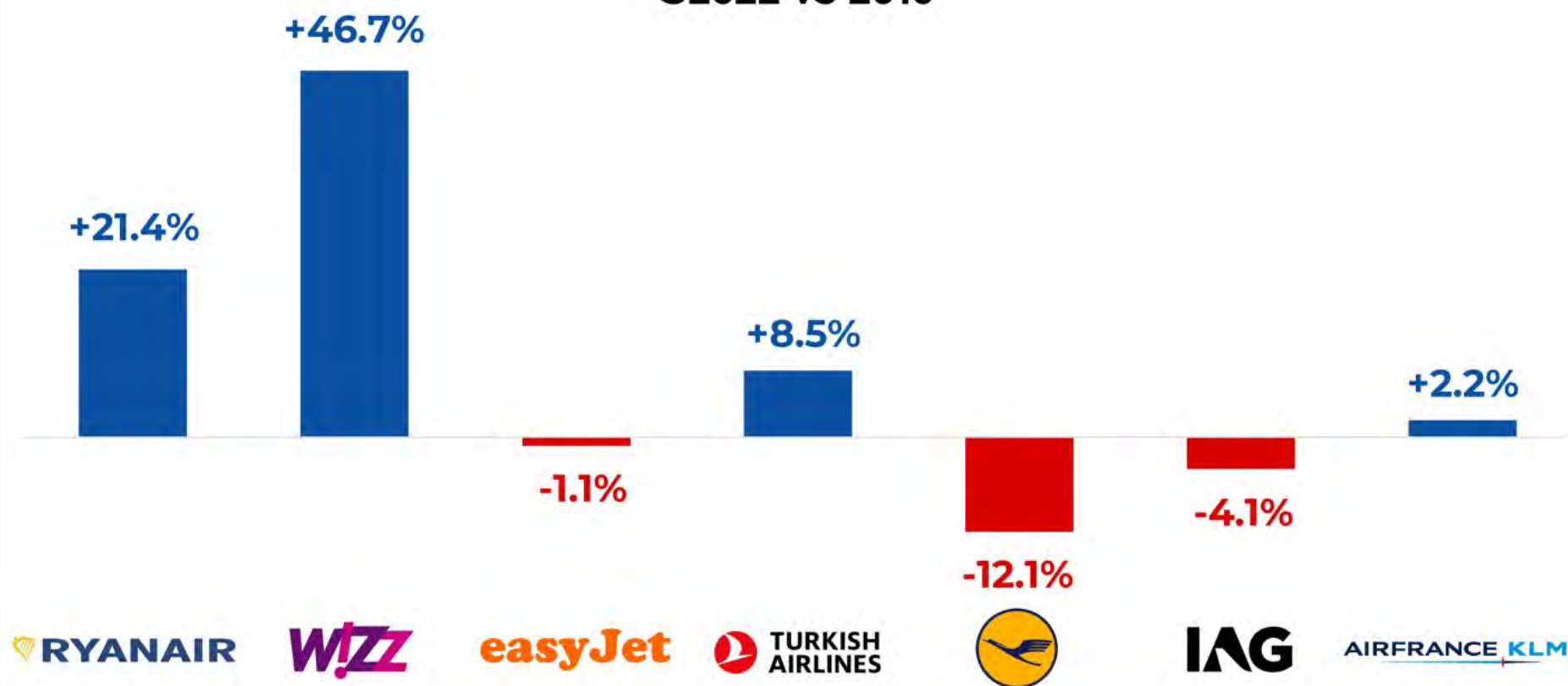
5-10 mppa

< 5 mppa



- FR & W6 driving the recovery

Airline seats intra-Europe (%)
S2022 vs 2019



BUT...

The
Economist

MARCH 17th 2012

BUT...



**The
Economist**

MARCH 19TH - 26TH 2022

**The
Economist**

China's techno-dependence
South African judges under threat
The countries that fake their covid stats
A special report on private markets

FEBRUARY 26TH - MARCH 4TH 2022

Where will he stop?



**The
Economist**

New rules for globalisation
Crypto and sanction-dodging
Why windfall taxes are a bad idea
A war interview with Boris Johnson

MARCH 19TH - 26TH 2022

**The alternative
world order**

"Friendship between the two states has no limits"



**The
Economist**

MARCH 15TH - 22TH 2022

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IMPACT

- **Renewed supply pressures...**

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- ✓ *Slot waivers freezing capacity
= preventing new entries & domino
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- ✓ **Fuel costs**

✓ Increasing air fares

CNN BUSINESS

Airfares are going up. Blame full planes, not fuel prices



By [Chris Isidore](#), CNN Business

Updated 2021 GMT (0421 HKT) March 15, 2022

MarketWatch

Latest Watchlist Markets Investing More ▾

Airfares to European destinations have risen over the past month by roughly 16% on average as of mid-February. This isn't typical for this time of year — back in 2019, airfares were flat between January and February. These increases, though, aren't directly the result of the conflict in Ukraine.

CONSUMER

'Buy now,' say experts as flight fares expected to soar amid rising fuel costs



By [Irelyne Lavery](#) • Global News

Posted March 12, 2022 8:00 am ▾

Air France-KLM To Raise Ticket Prices Following Fuel Rate Spike

Surcharges will vary based on destination and travel class, and will only apply to new bookings.

BY MOLLY RUSSELL

PUBLISHED 4 DAYS AGO



Airline Fuel Surcharge Could Spike By 15% This Summer

Experts have warned that if oil prices do not decrease, fuel surcharges may be added to ticket prices.

BY MOLLY RUSSELL

PUBLISHED MAR 12, 2022

... & (new) demand pressures

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✓ *Supply chain & global trade
disruptions*

... & (new) demand pressures

- ✓ *Supply chain & global trade disruptions*
- ✓ *Inflation*

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- ✓ *Business & consumer confidence*

... & (new) demand pressures

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- ✓ *Business & consumer confidence*
- ✓ *Unprecedented policy measures?*

FINANCIAL TIMES

IEA calls for driving restrictions and air travel curbs to reduce oil demand

Energy agency warns 2.5mn barrels a day of Russian oil exports could cease from next month

- **Neighbouring & other Russia/
Ukraine exposed markets**

Cyprus fears financial fallout from
Russian invasion of Ukraine



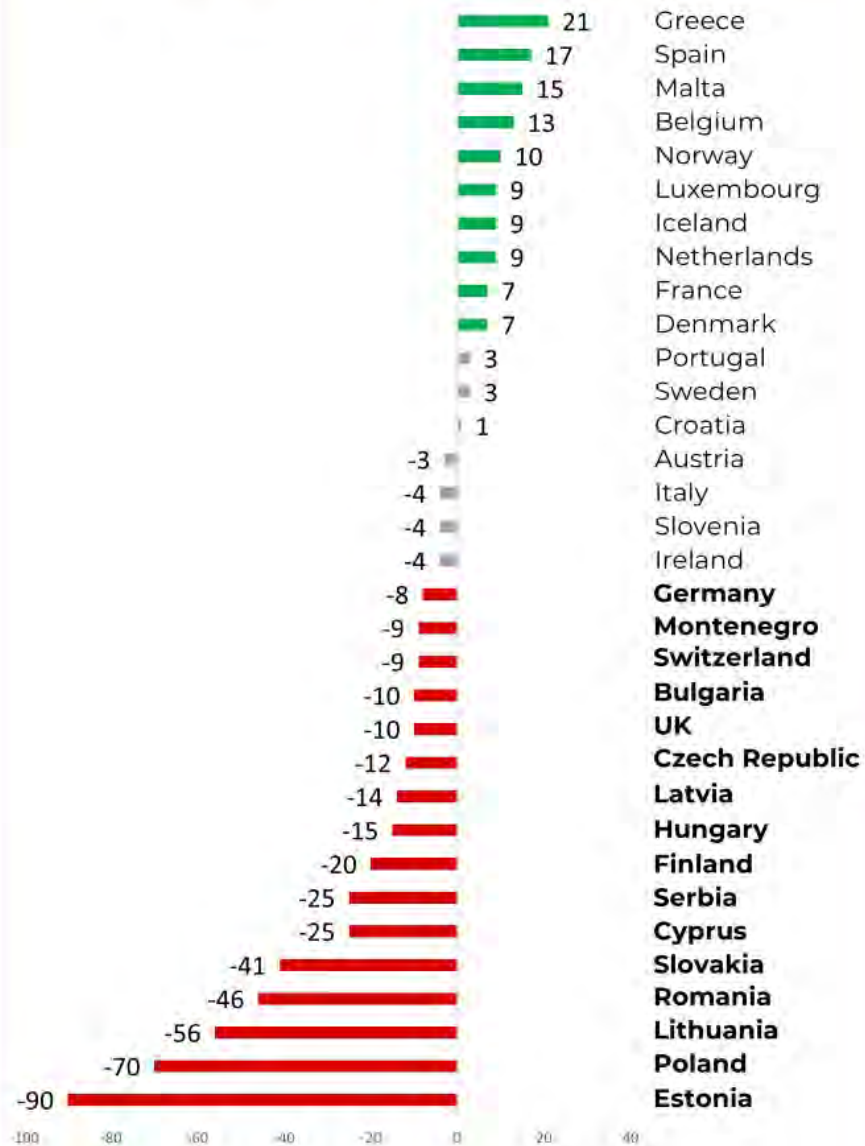
War in Ukraine

Officials are discussing measures to support
Bulgarian tourism in times of war

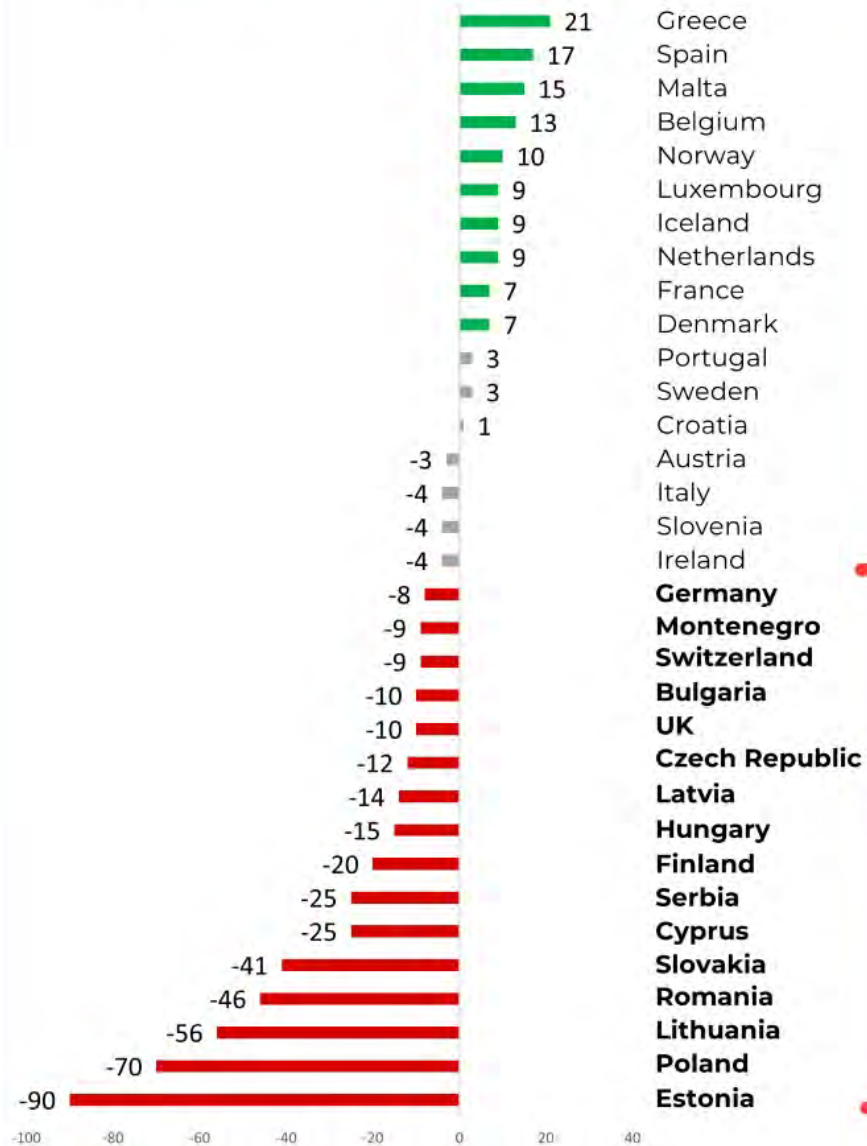
published on 3/9/22 4:15 PM



Net Sentiment Score EVOL (+/-)



Net Sentiment Score EVOL (+/-)



Destinations
currently
impacted
reputation-wise

- Bookings for intra-EU/UK travel holding up

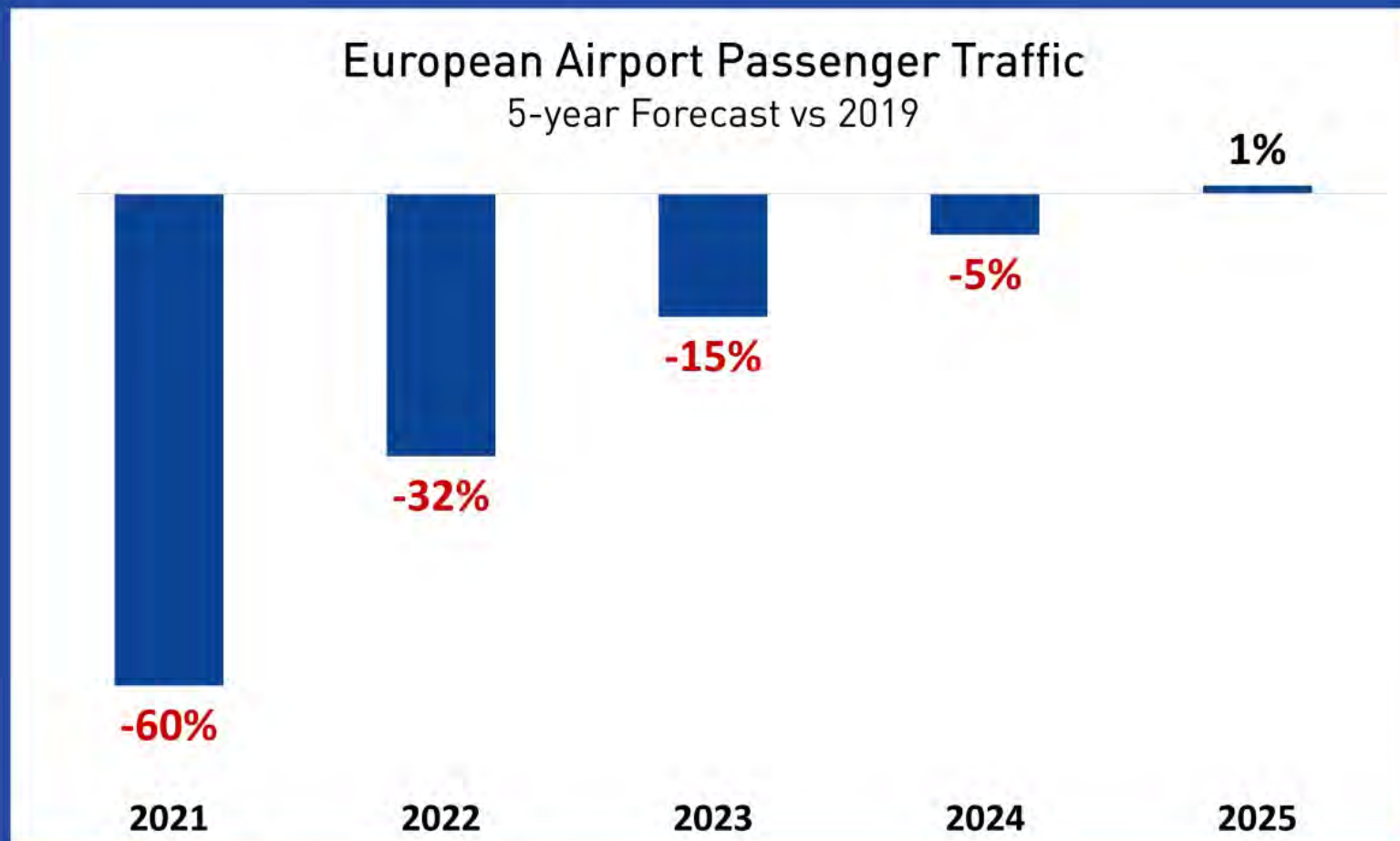
Bookings for Summer holidays increase

On-the-book arrivals to EU and UK from EU and UK for summer holiday with tickets up to 23 Feb 2022 and 15 Mar 2022; var vs. 2019 levels

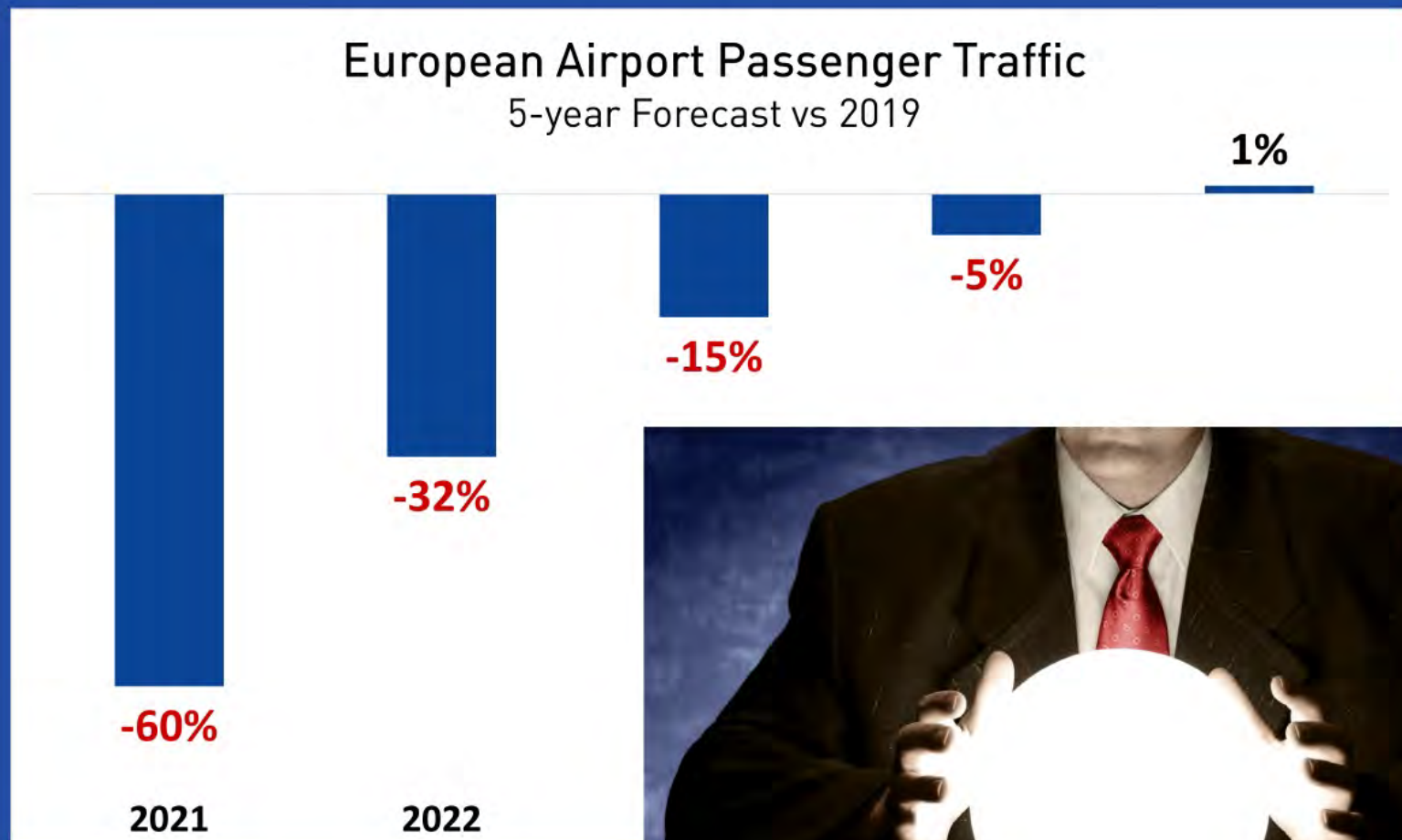


- **Full recovery forecast**

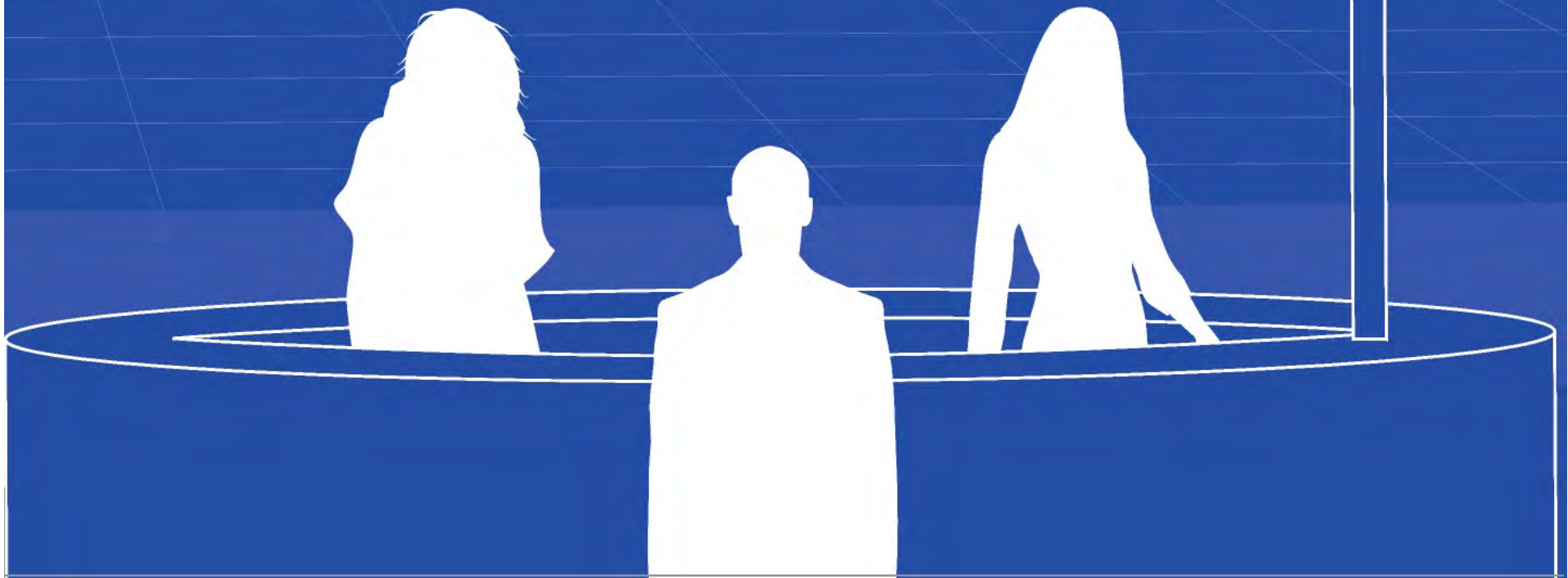
- **Full recovery forecast**



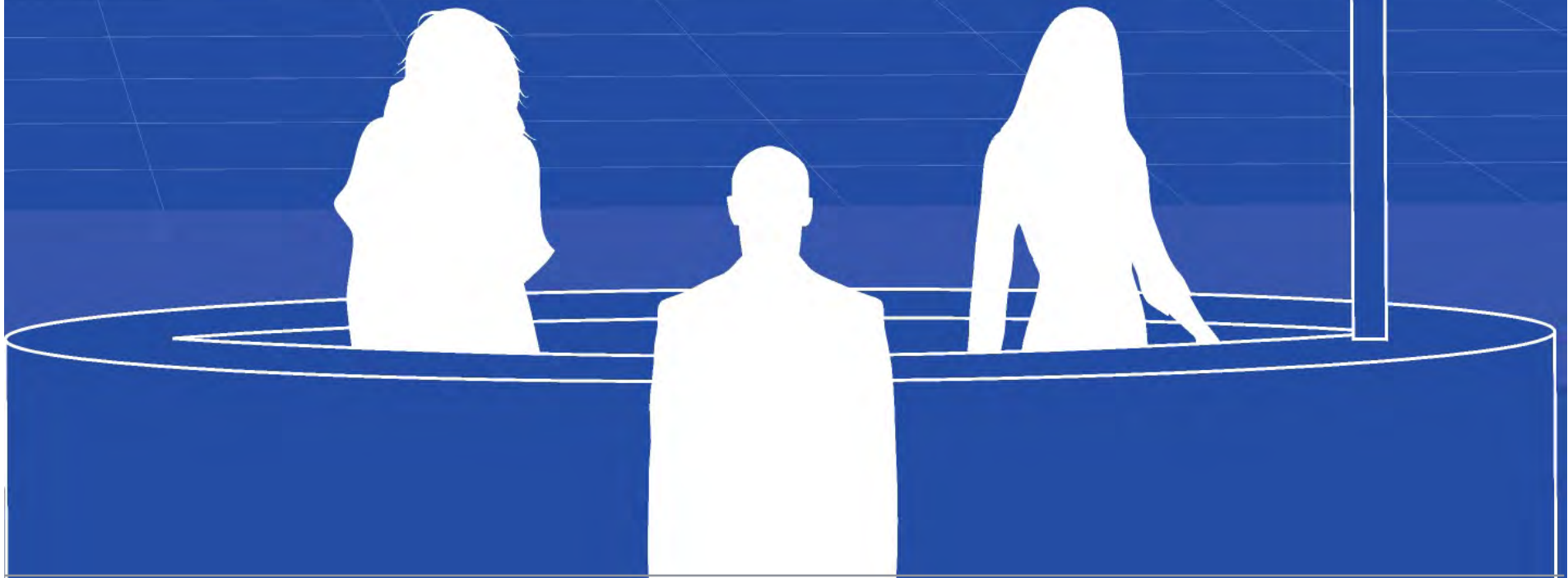
- Full recovery forecast



MULTIPLE CHALLENGES



MULTIPLE CHALLENGES & INCREASING COMPLEXITY



1. Living & travelling with COVID-19



- Epidemiological situation unsettled

"We have huge amounts of misinformation that's out there. The misinformation that Omicron is mild. Misinformation that the pandemic is over. Misinformation that this is the last variant that we will have to deal with. This is really causing a lot of confusion," Kerkhove said.



Maria Van Kerkhove, WHO COVID-19 Technical Lead

- Travel regimes still unaligned within Europe & beyond

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**Airports and Airlines call for all intra-EU COVID
Travel Restrictions to be dropped as pandemic
hits second anniversary milestone**

*New evidence shows travel restrictions failed to prevent the spread of COVID-19 and
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- Travel regimes still unaligned within Europe & beyond



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- ✓ *Response to next variant(s)*

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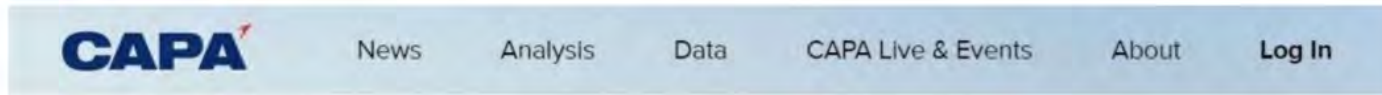
New evidence shows travel restrictions failed to prevent the spread of COVID-19 and would be ineffective in the face of future variants of concern

- ✓ *Validity of EU DCC*
- ✓ *Response to next variant(s)*
- ✓ *Health & hygiene measures at airports & on board*

2. Systemic airport financial weakness

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- Historic losses

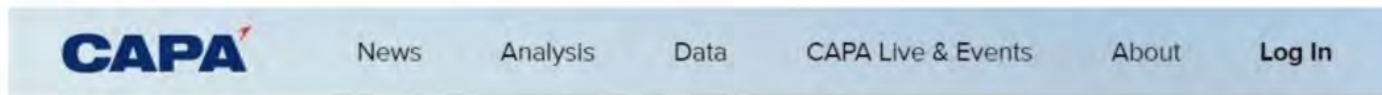


28-Apr-2021 3:59 PM

European airports to lose EUR29 billion revenue in 2021

2. Systemic airport financial weakness

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28-Apr-2021 3:59 PM

European airports to lose EUR29 billion revenue in 2021

Lugano-Agno Airport To Be Liquidated

Frankfurt-Hahn Airport has to file for bankruptcy

Could Heathrow be at Risk of Collapse?

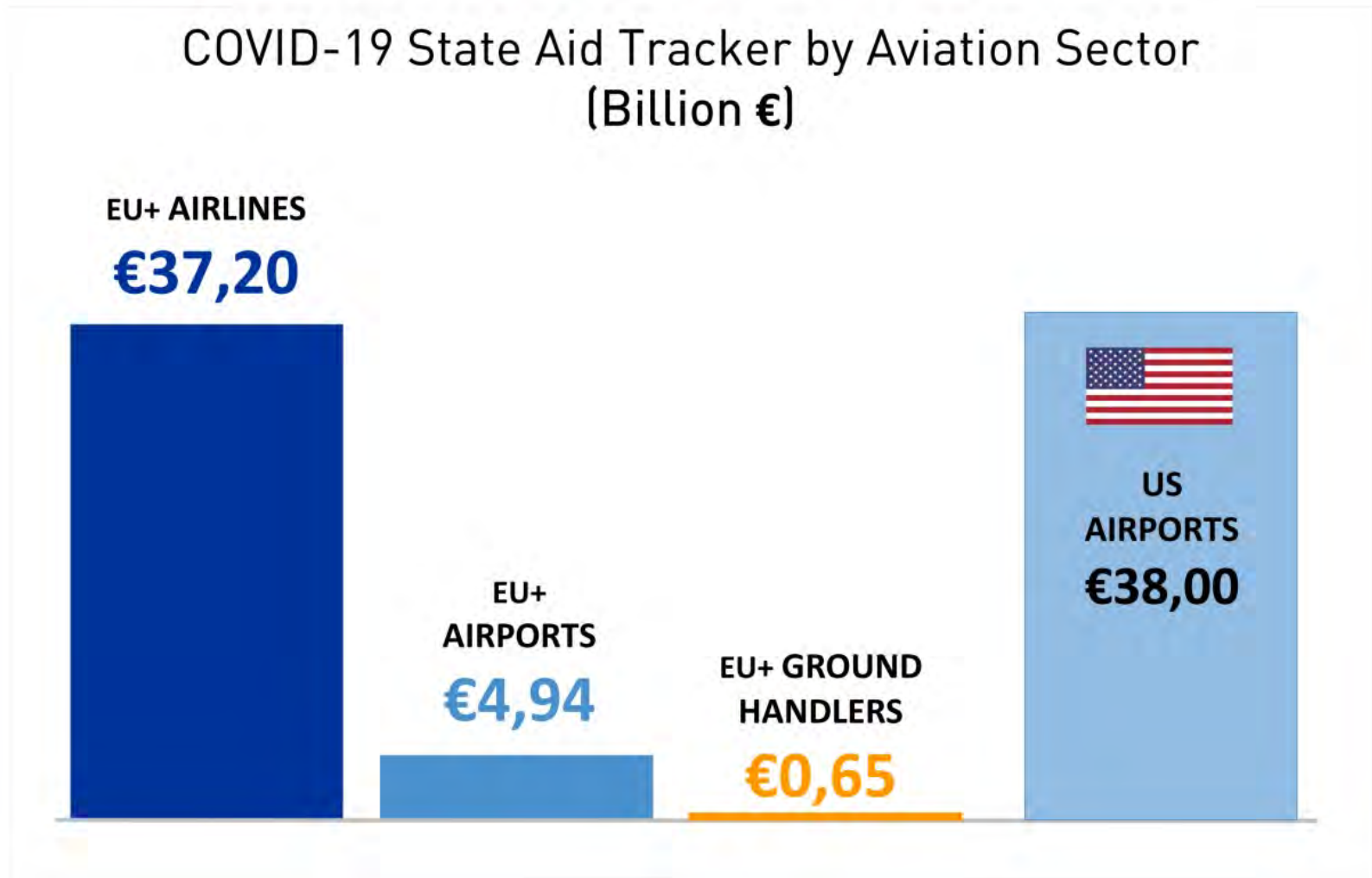
Friedrichshafen Airport
files for bankruptcy

Berlin airport calls for cash to stave off bankruptcy

22-Sep-2020 1:45 PM

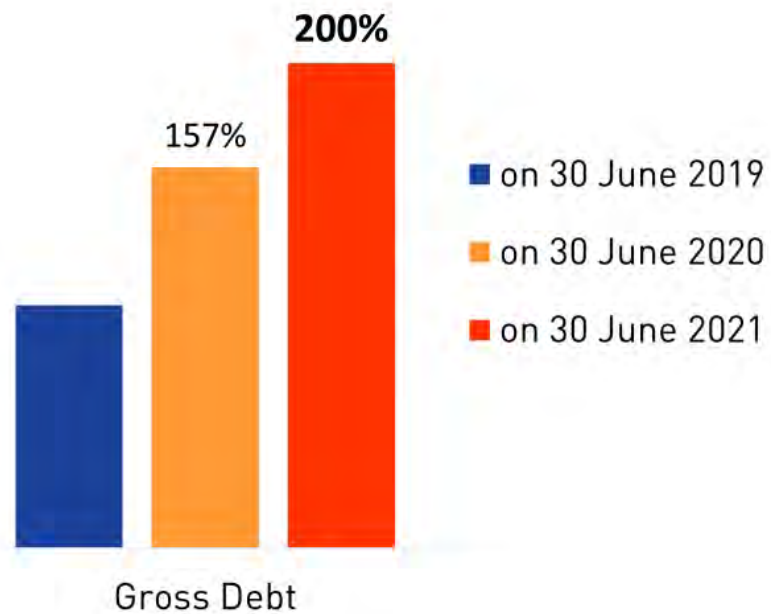
Paderborn Airport opens insolvency proceedings

- Imbalanced State financial support



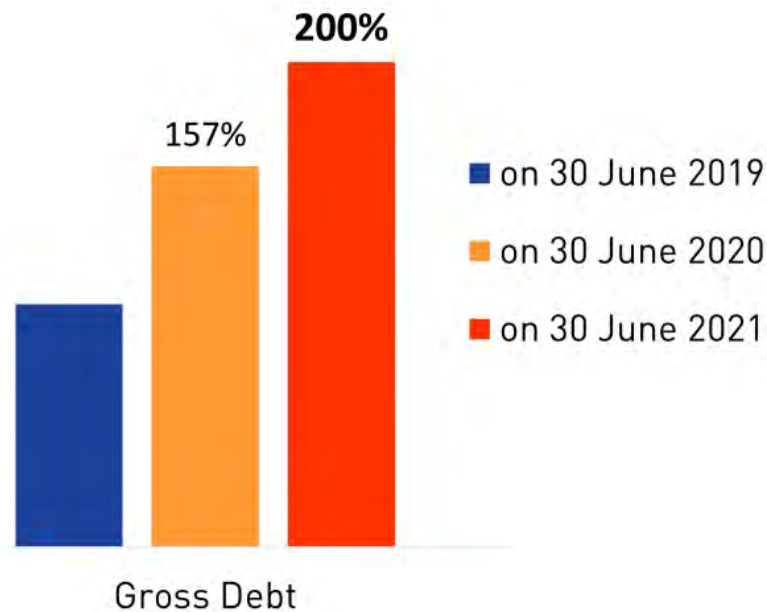
- Massive airport debt load

Gross Financial Debt



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Gross Financial Debt



- Cash intensive & revenue weak recovery

- Investment crunch ahead



- Investment crunch ahead



- Regulatory alignment challenge

- Investment crunch ahead



- Regulatory alignment challenge
 - ✓ *Airport charges & 'user pays' principle*

- Investment crunch ahead



- Regulatory alignment challenge

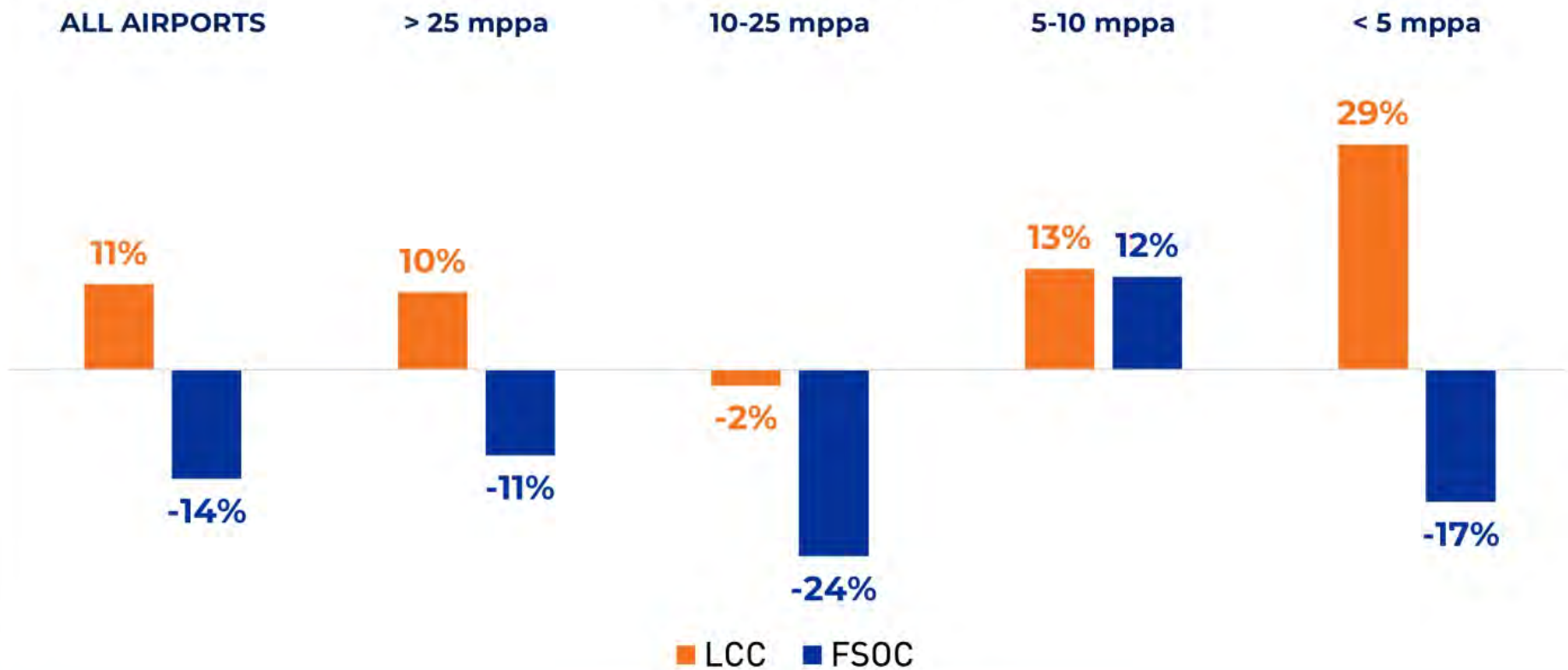
- ✓ *Airport charges & 'user pays' principle*
- ✓ *State aid & public financing*

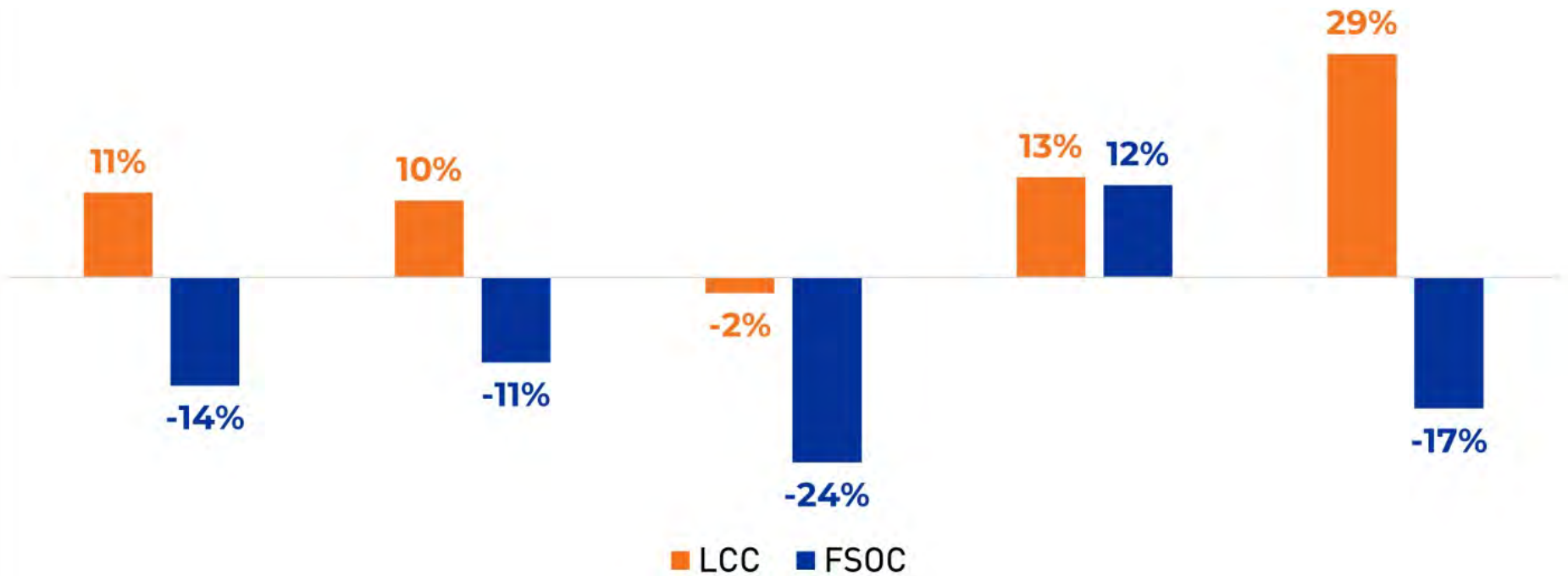
3. Airline dominance & pressures...



Airline seats by business model & airport groups

S2022 vs S2019





"Why are crises good times to expand? [Because] I think there's a lot of suppliers-airports in particular, which are keen to work together. And there are more market opportunities - you are able to build market share quicker, become relevant in the market quicker... In times like this, airports are keen to attract new airlines which are growing, and we're one of the only ones out there growing."

George Michalopoulos - COO Wizz Air

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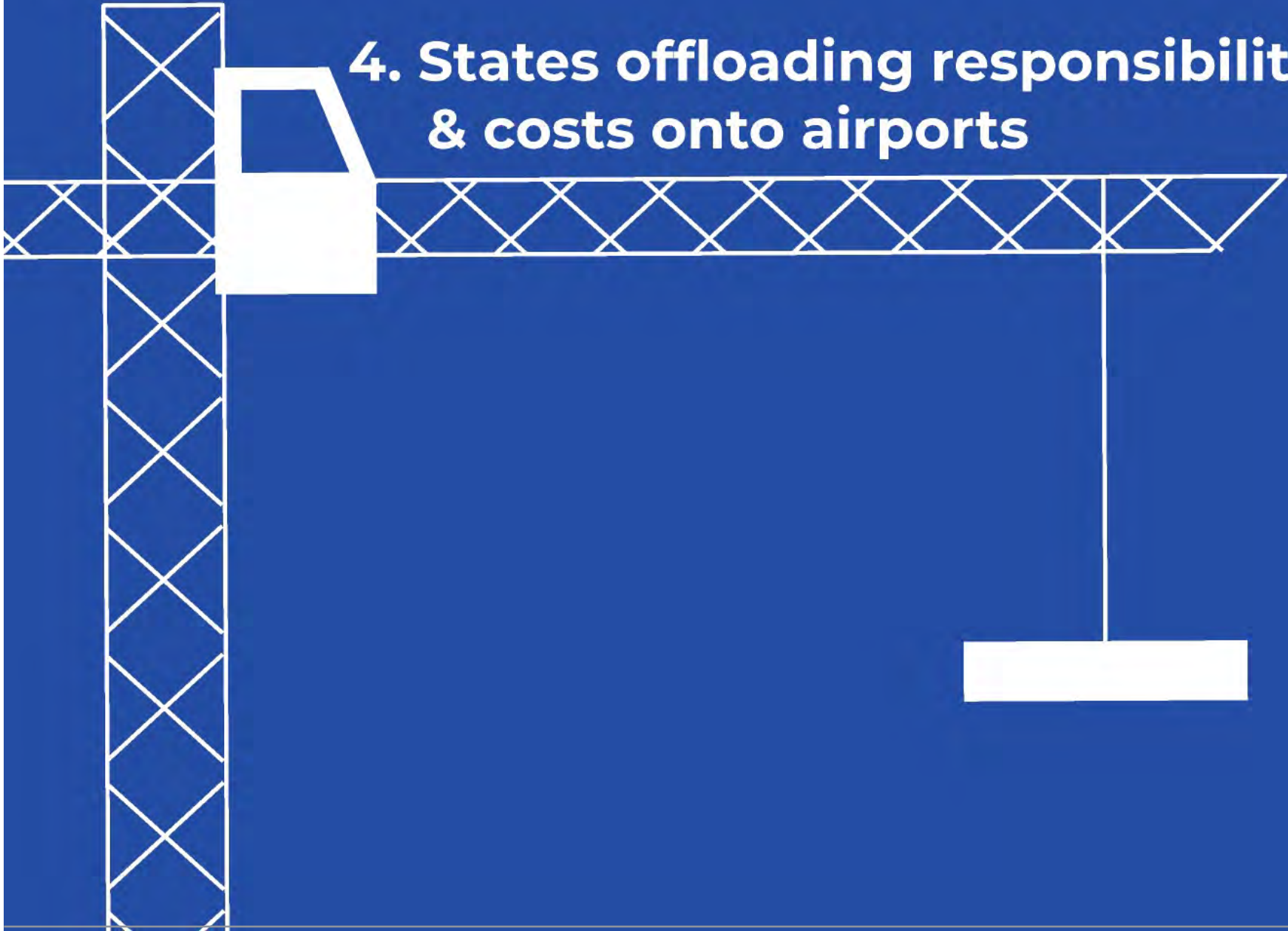
... Airline hybridisation & Consolidation

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... Airline hybridisation & Consolidation
= SYSTEMIC AIRPORT COMPETITION

4. States offloading responsibilities & costs onto airports





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**= DISPROPORTIONATE IMPACT ON
SMALL/REGIONAL AIRPORTS**

5. Sustainability & decarbonisation imperative

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- European airports leading



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204 airports **certified**

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204 airports **certified**

57 airports **carbon neutral & beyond**

5. Sustainability & decarbonisation imperative

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204 airports **certified**

57 airports **carbon neutral & beyond**

10 airports **net zero**



- Alarming science & Political tipping point

BBC

NEWS

Climate change: IPCC report warns of 'irreversible' impacts of global warming

By Matt McGrath
Environment correspondent

© 28 February |



- Alarming science & Political tipping point



- Regulation redefining the economics of aviation



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i) FIT FOR 55

- Regulation redefining the economics of aviation



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✓ *SAF mandates*

- Regulation redefining the economics of aviation



i) FIT FOR 55

- ✓ *SAF mandates*
- ✓ *Electrification @ airports*

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i) FIT FOR 55

- ✓ *SAF mandates*
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= NO CUMULATIVE IMPACT ASSESSMENT

- Regulation redefining the economics of aviation



i) FIT FOR 55

- ✓ *SAF mandates*
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= NO CUMULATIVE IMPACT ASSESSMENT
= IMPACT ON AIR CONNECTIVITY?

ii) Bans & limits on short haul flying

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= flawed debate

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= flawed debate

Aviation Sustainability Unit
Think Paper #11 - 3 June 2021

EUROCONTROL Think Papers - designed to inform, stimulate debate & present alternative approaches.



Plane and train: Getting the balance right

"24.1% of European flights are under 500 km - but account for only 3.8% of aviation's gross CO₂ emissions"



Short-haul flying and sustainable connectivity

Prepared for the ERA, ACI
EUROPE, ASD Europe, CANSO,
and A4E

24 March 2022

www.oxera.com

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compelling economics



- **Airports = European cohesion & livelihoods**

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- **Recovery (still) driven by intra-Europe, leisure & VFR**

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- **Recovery (still) driven by intra-Europe, leisure & VFR**
- **Regional air connectivity = testbed for aviation decarbonisation & electric / hybrid aircraft**

Clean Aviation takes off as it seeks bids for share of €735m in funding

By Dominic Perry | 23 March 2022



- **UAM & new air connectivity**



- **UAM & new air connectivity**



- **ATM integration & efficiency**





"Aviation is the mode of transport for the future and not of the past when it comes to protecting the planet. But we will not achieve this transition alone - we need the support of many other players."

Guillaume Faury, CEO of Airbus



**AIRPORTS COUNCIL
INTERNATIONAL**



**AIRPORTS COUNCIL
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www.aci-europe.org