

# THE AIRPORT INDUSTRY & THE NEXT DECADE



**AIRPORTS COUNCIL  
INTERNATIONAL**

**Olivier Jankovec**  
**Director General**

**Cappadocia University**

*« Foresight of the Next Decade »*

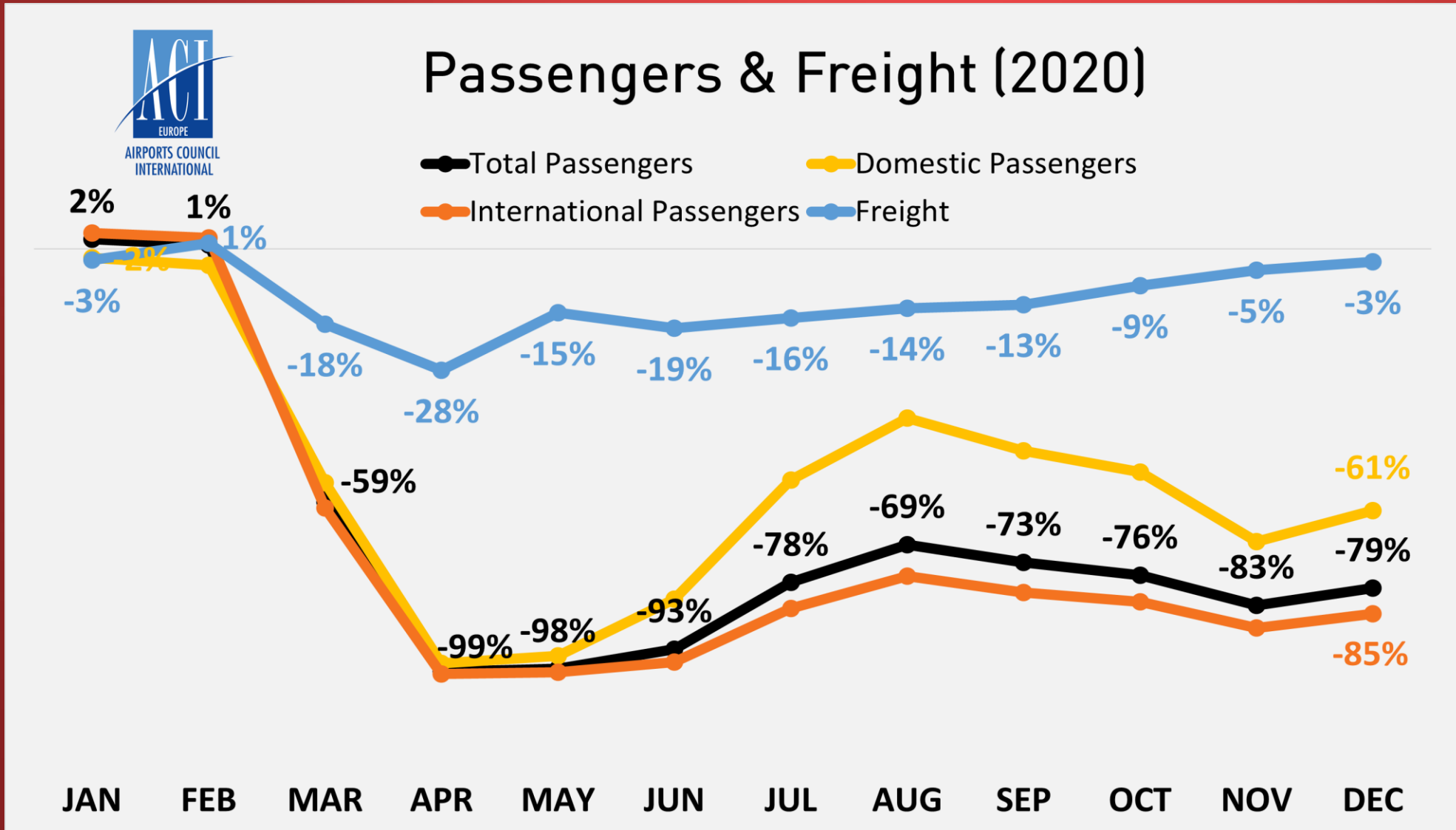
16 March 2021



@ACI\_EUROPE

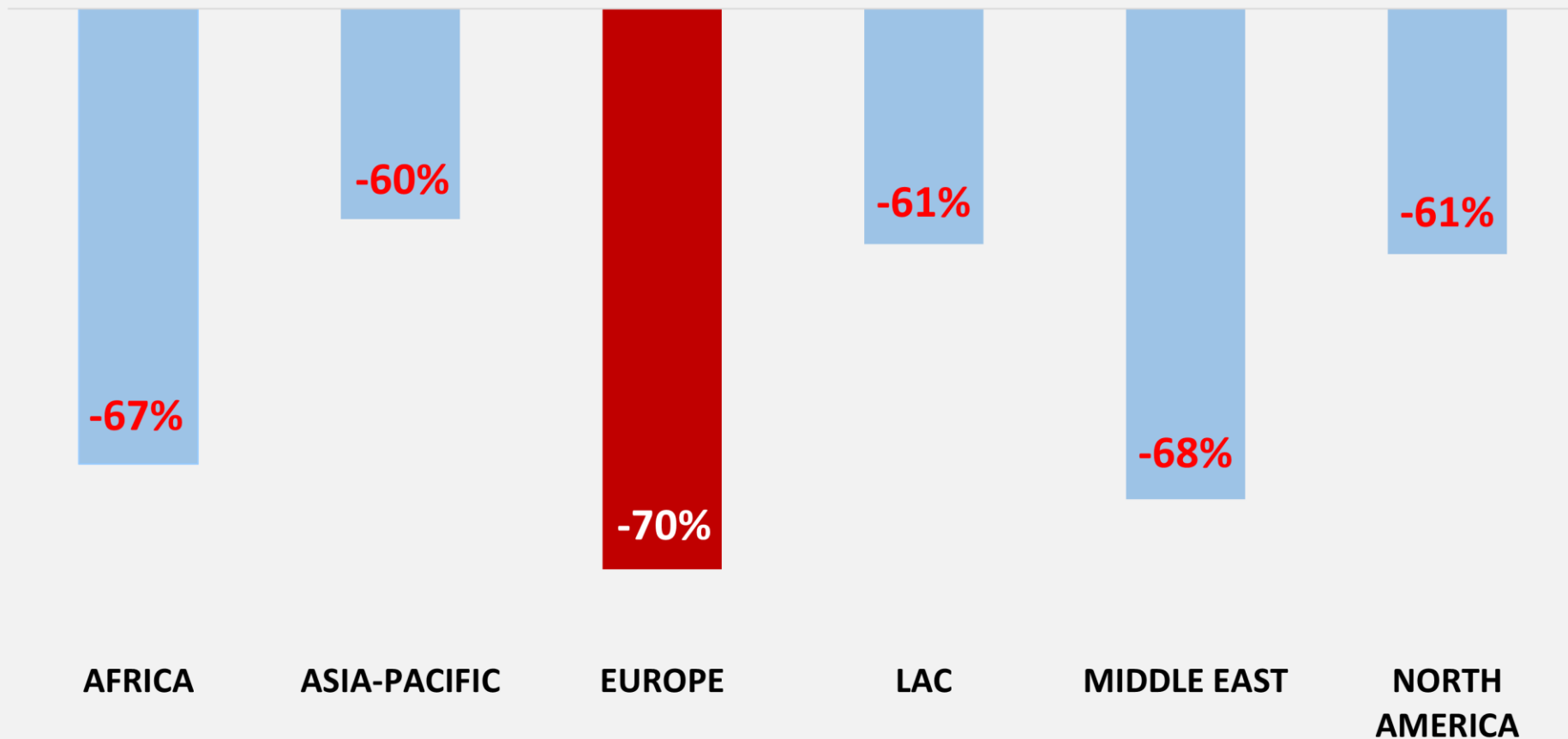
COVID-19  
SHOCK

# 1) TRAFFIC – *FREE FALL*





## World Regions' Passenger Traffic (2020 vs. 2019)





# -1.7 billion

**passengers lost for European Airports  
(YTD)**

**As of 31 December 2020**

## 2) AIRPORTS RESPONSE



- **Slashing Costs to the Bone**
  - Reducing OPEX

**-€3 bil**

**REDUCTION IN OPERATING EXPENSES (YTD)  
@ TOP 20 AIRPORTS**

**-22%**



## Dublin and Cork airports may see up to 1,000 jobs lost over coronavirus

Daa chief says air travel will be safe but stressful experience for the near future

© Tue, Jun 23, 2020, 13:24 | Updated: Tue, Jun 23, 2020, 15:30

Vivienne Clarke



## Finavia cutting up to 480 jobs

Facing a near-standstill of flights, the firm says it needs to prepare for years of recovery within the industry.

Share



## Frankfurt airport plans to cut as many as 4,000 jobs

19 Jun 2020 by Alex McWhirter



## Covid-19: Leeds Bradford Airport to cut more than 100 jobs

© 20 October



## Covid: Gatwick Airport job losses affect 40% of employees

© 22 October

Coronavirus pandemic



Airports | Amsterdam Schiphol Airport (AMS) | Eindhoven Airport (EIN) | Lelystad Airport (LEY) | Rotterdam The Hague Airport (RTM)

## Royal Schiphol Group to lay off hundreds of people after loss of €246 million in first half of 2020

By André Orban - 28 August 2020

541 0

➡ **Airport handicap = fixed costs & diseconomies of scale**



- Reducing CAPEX

**-€2.6 bil**

LOST INVESTMENT (YTD)  
**@ TOP 20 AIRPORTS**

**-37%**

➔ **BUT...**

**Regulatory driven costs (EDS 3)**

**Essential maintenance**

**Projects started & nearing completion**



**Long-term strategic position?**

- **Helping Out Airlines & Partners...**

**...Where Possible**

- Waiving & deferring parking fees
- New COVID-19 rebates & incentives

**70%**

**of Europe's Airports**

**On top of pre-crisis rebates & incentives**

**= pricing at a loss to rebuild air connectivity**

# • Stay Open & Get Ready For Restart



**Tallinn Airport** @TLLairport · Jun 12

♥ When going on a journey, please remember, that preventing the spread of the virus depends on us all.

At the #TLLairport:

- 1) keep distance and follow the 2+2 rule, if possible.
- 2) wearing a mask is not mandatory but recommended, especially when the 2+2 rule can't be followed

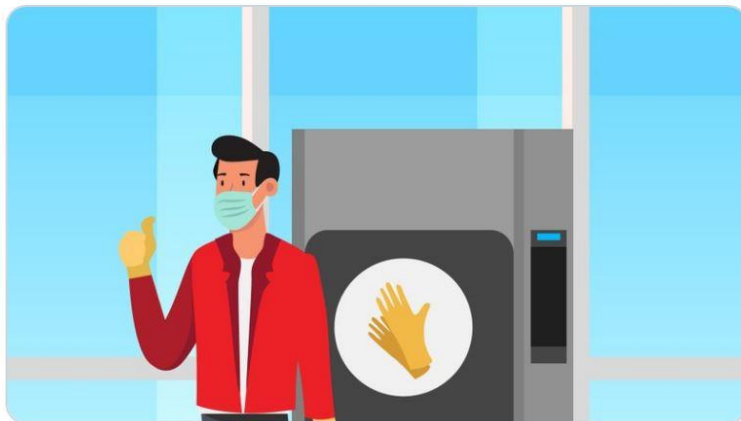


**Aeroporti di Roma** @AeroportiRoma ·

Prima di entrare in aeroporto indossa sempre individuale.

Se non hai la mascherina, puoi acquistarla ai dispenser presenti negli ingressi dei terminal.

Scopri di più su: [adr.it/it/web/guest/c...](https://adr.it/it/web/guest/c...)  
#RomeAirports



**Frankfurt Airport** @Airport\_FRA · May 12

Frankfurt Airport ready to fly safely. The rule of "safety first" also applies on the ground: air travel while complying with all hygiene prescriptions is feasible – Diverse measures being taken to safeguard passengers and employees. More at: [fra.aero/readytoflysafe...](https://fra.aero/readytoflysafe...)



**Glasgow Airport** @GLA\_Airport · Jul

As part of our enhanced cleaning measures, and coated with an antimicrobial product tested to be more than 99.99% effective against COVID-19 for up to 30 days. One of the many ways we're working hard to help each other travel safely. #GLAready



**Finavia**

11,549 followers

1mo • Edited •

+ Follow

The safety of passengers and airport employees is extremely important to Finavia.

For this reason, Finavia is expanding the use of masks at airports, and re ...see more





# COVID-19

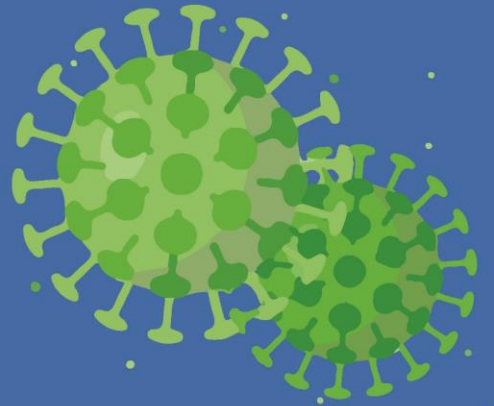
Disease caused by the SARS-CoV-2 virus

Issue date: 21/05/2020

Issue no: 1.1

## COVID-19 Aviation Health Safety Protocol

Operational Guidelines for the management  
of air passengers and aviation personnel  
in relation to the COVID-19 pandemic



### ACI EUROPE and EASA sign Cooperation Agreement as airport industry publishes Guidelines for a Healthy Passenger Experience

**Brussels, 17 July 2020:** Olivier Jankovec, Director General of Airports Council International Europe (ACI EUROPE), and Patrick Ky, Executive Director of the European Union Aviation Safety Agency (EASA), today signed a groundbreaking agreement supporting the ongoing safe and secure recovery of aviation following the devastating impact of the COVID-19 pandemic.



## Rapid one-hour Covid tests begin at Heathrow airport



## Des tests antigéniques à l'aéroport de Nice



©Aéroports de la Côte d'Azur

Publié le 30 octobre 2020 à 12h00 par Thierry Blais dans [Actualité](#), [Info pratique](#) - [12 commentaires](#)

L'aéroport de Nice-Côte d'Azur a déployé des tests antigéniques gratuits en partenariat avec les compagnies aériennes Air France et Air Corsica, servant à ce test grandeur nature.

Confirmant les propos du ministre délégué Jean-Baptiste Djebbari à la veille du début de ce vendredi 30 octobre 2020, et sur demande de l'IATA pour la mise en œuvre de ces tests sanitaires », l'aéroport a organisé et mis en œuvre l'aide de la Métropole de Nice dans son

## Dublin Airport says pre-flight Covid tests possible 'within days'

Cork, Dublin and Shannon call for Government approval for pre-departure screening

Wed, Oct 28, 2020, 17:16

Updated: Wed, Oct 28, 2020, 21:14

Barry O'Halloran



## Major French airports to launch fast new coronavirus test

The goal is for the tests to help bring an end to travel restrictions such as quarantine on arrival



## Torino Airport launches the new Covid Test Point

POSTED ON 16TH OCTOBER 2020 BY EDDIE SAUNDERS

[f](#) [t](#) [b](#) [e](#) [Share](#)



## All'aeroporto di Palermo nasce la "Covid-19 Test Area"

Oltre 1000 metri quadri dove fare test rapidi, online la compilazione di moduli e pre-acettazione



# = Restoring Passenger Confidence



OUTLOOK

# The Economist

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The economy Joe Biden will inherit

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America's allies: a long wishlist

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The trouble with value investing

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Zambia, becoming the next Zimbabwe

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NOVEMBER 14TH–20TH 2020

## Suddenly, hope



# 1) EPIDEMIOLOGICAL SITUATION

## TRAVEL RESTRICTIONS & QUARANTINES





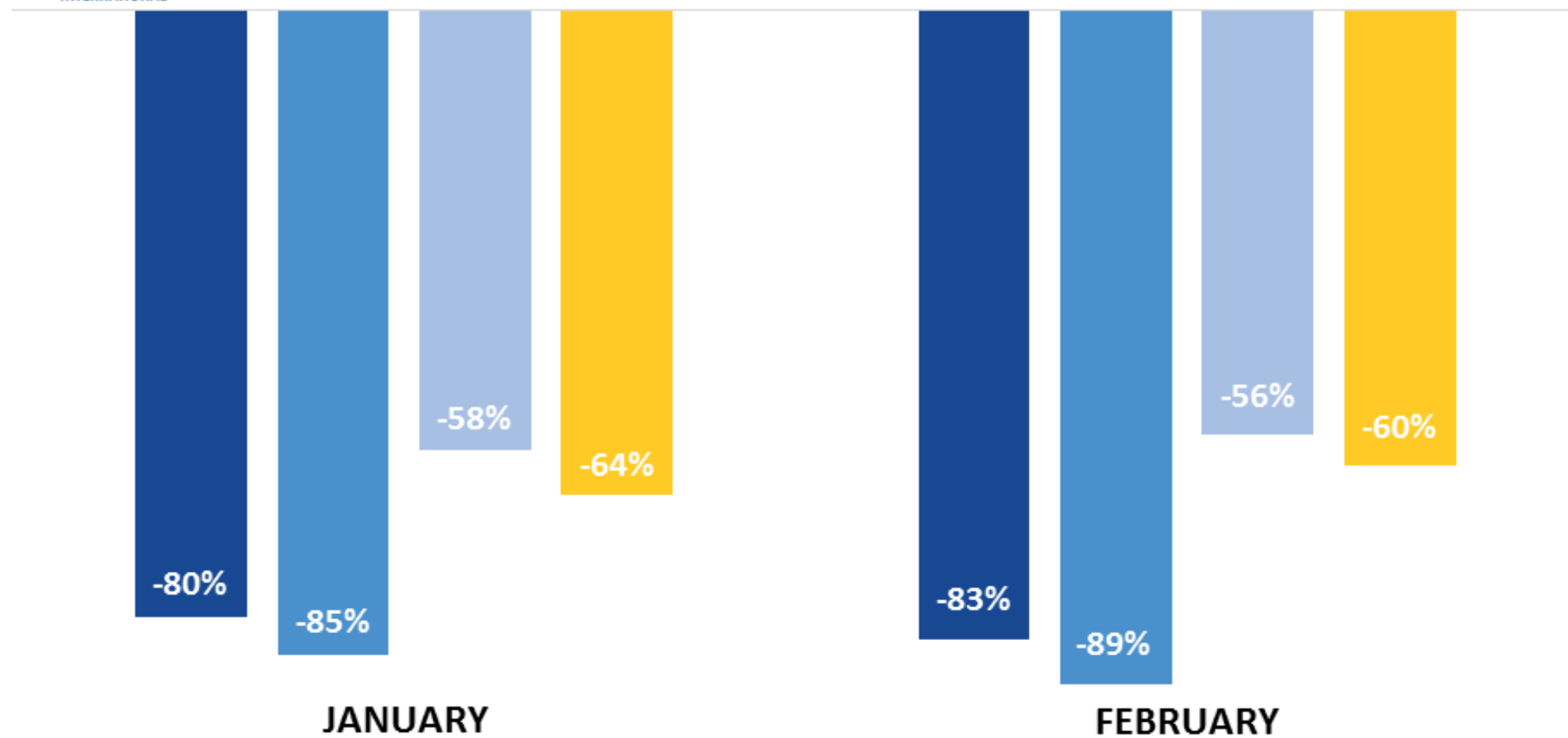
# = Shifting Horizons & Navigating Uncertainty



# Airport Passenger Traffic

(2021 vs. 2019)

■ Europe ■ EU/EEA/CH/UK ■ Non-EU/EEA/CH/UK ■ Turkey





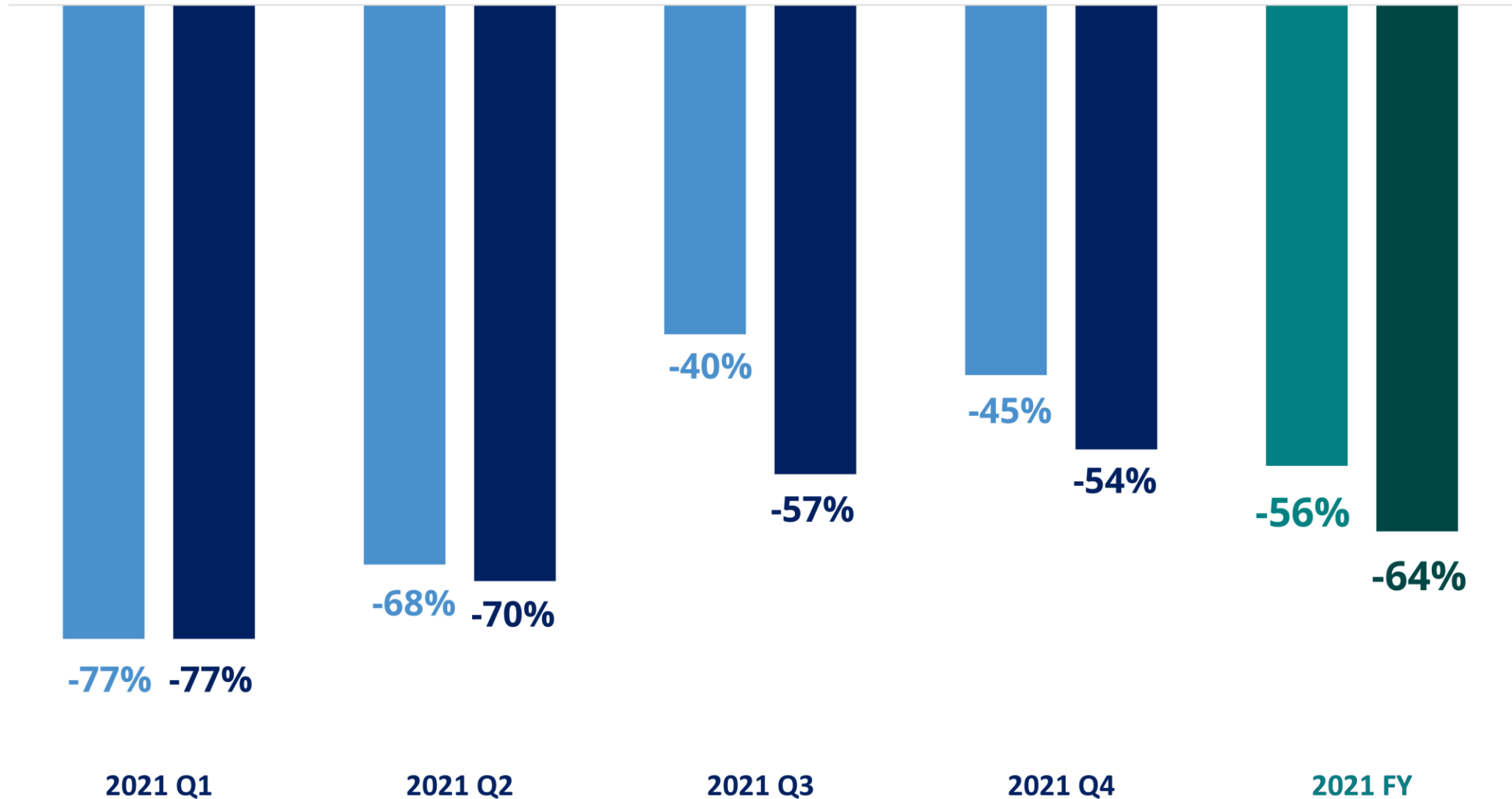
## TOP 5 EUROPEAN AIRPORTS JANUARY 2021

RANK	CODE	CITY	PASSENGERS	% CHANGE
01	IST	Istanbul	1,662,717	-68,5%
02	DME	Moscow	1,457,460	-30,6%
03	SVO	Moscow	1,351,290	-60,2%
04	SAW	Istanbul	1,303,083	-55,5%
05	CDG	Paris	1,197,614	-78,3%



# Passenger Traffic Forecast by Quarter

■ Base Case ■ Pessimistic Case



## 2) BUSINESS CONTINUITY RISKS

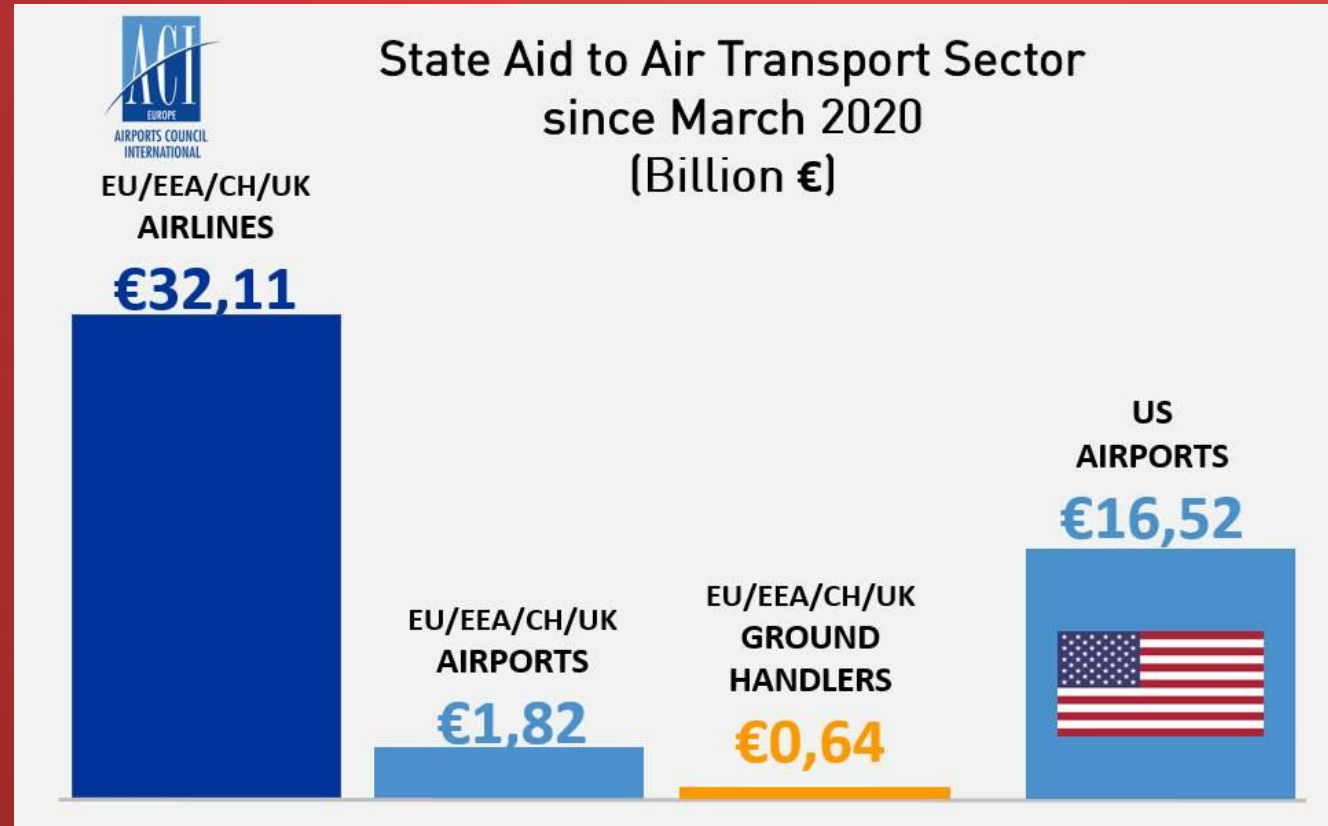
- Weekly Cash Burn = **€350 million**

**€600 million** in Q2



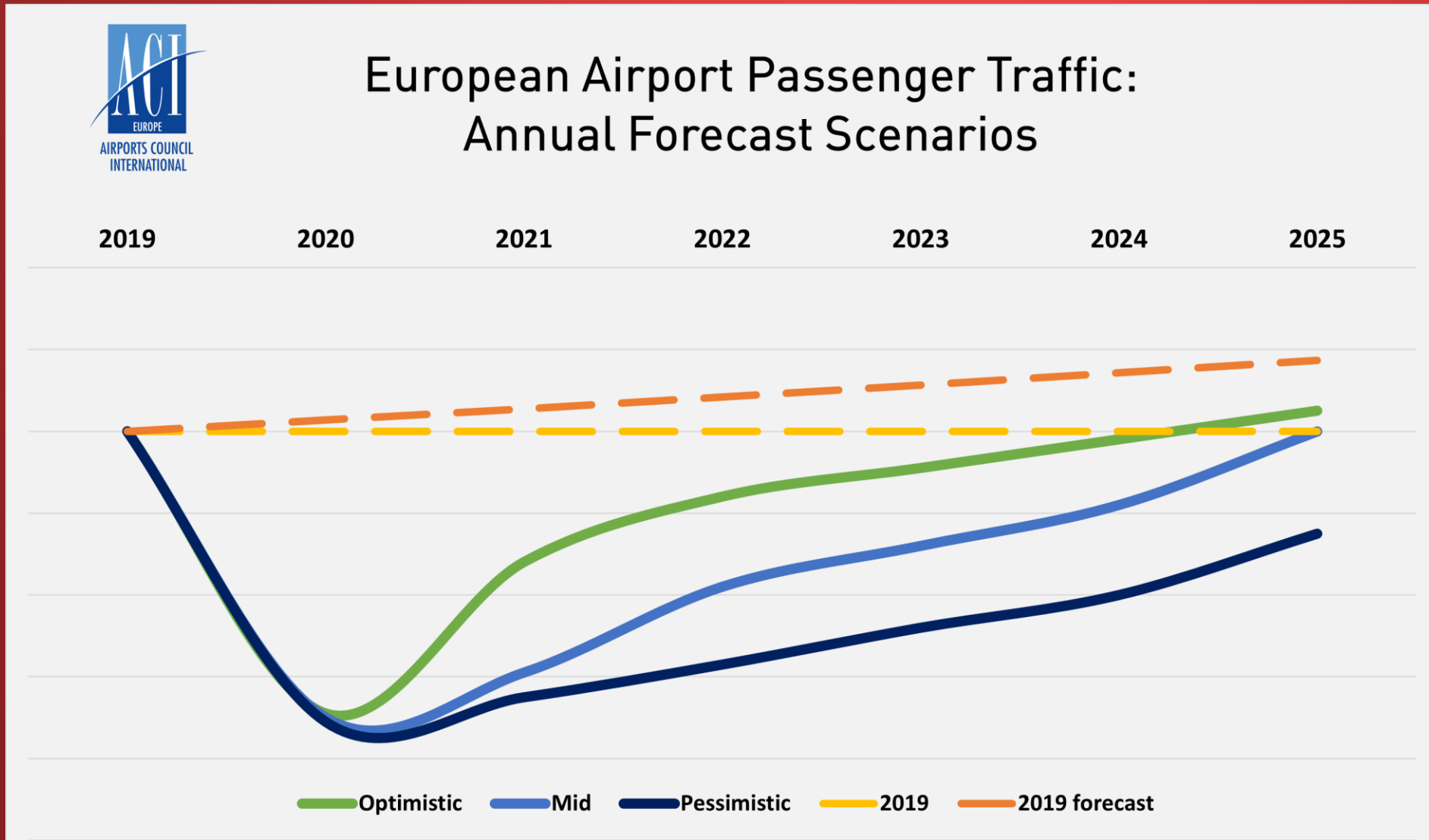
**+€16 billion**  
(Additional) Debt  
@ top 20 European  
airports

# • Inadequate Gov't Responses



- ➔ Imbalances in aviation eco-system
- ➔ Societal risks
  - i) Local & regional developments
  - ii) Cohesion & inequality

### 3) SLOW & UNCERTAIN RECOVERY



- **Demand Pressures**

## Times of Anxiety



Long haul  
- Not before 2022?



## Reduced Disposable Income



## Reduced Business Travel



# Reduced Business Travel



- i) Video Conferencing
- ii) Cost Cutting
- iii) Net Zero Targets

*“Our sales force would normally fly around the World to meet with investors. During the pandemic, we’ve conducted those roadshows completely virtually, with no impact to investor demand”*

**Jane Fraser, CEO Citigroup**



# VFR & Leisure & shorter trips = KING



**= Shaping network & route development**

- **Supply Shock**

- Airline structural capacity reductions



**Lufthansa Plans To Reduce Fleet Size By 100 Aircraft**

APRIL 30, 2020 BY BEN 12

## **Air France latest to act as coronavirus speeds wave of fleet retirements**

By Max Kingsley-Jones | 21 May 2020

News that the Air France Airbus A380 fleet has become an immediate victim of the coronavirus pandemic is a stark reminder that the collateral damage of this crisis will reach far and wide across the airline industry.

**IAG LONG-TERM FLEET CUTS "DRASTIC" COMPARED TO OTHER CARRIERS – JEFFERIES**

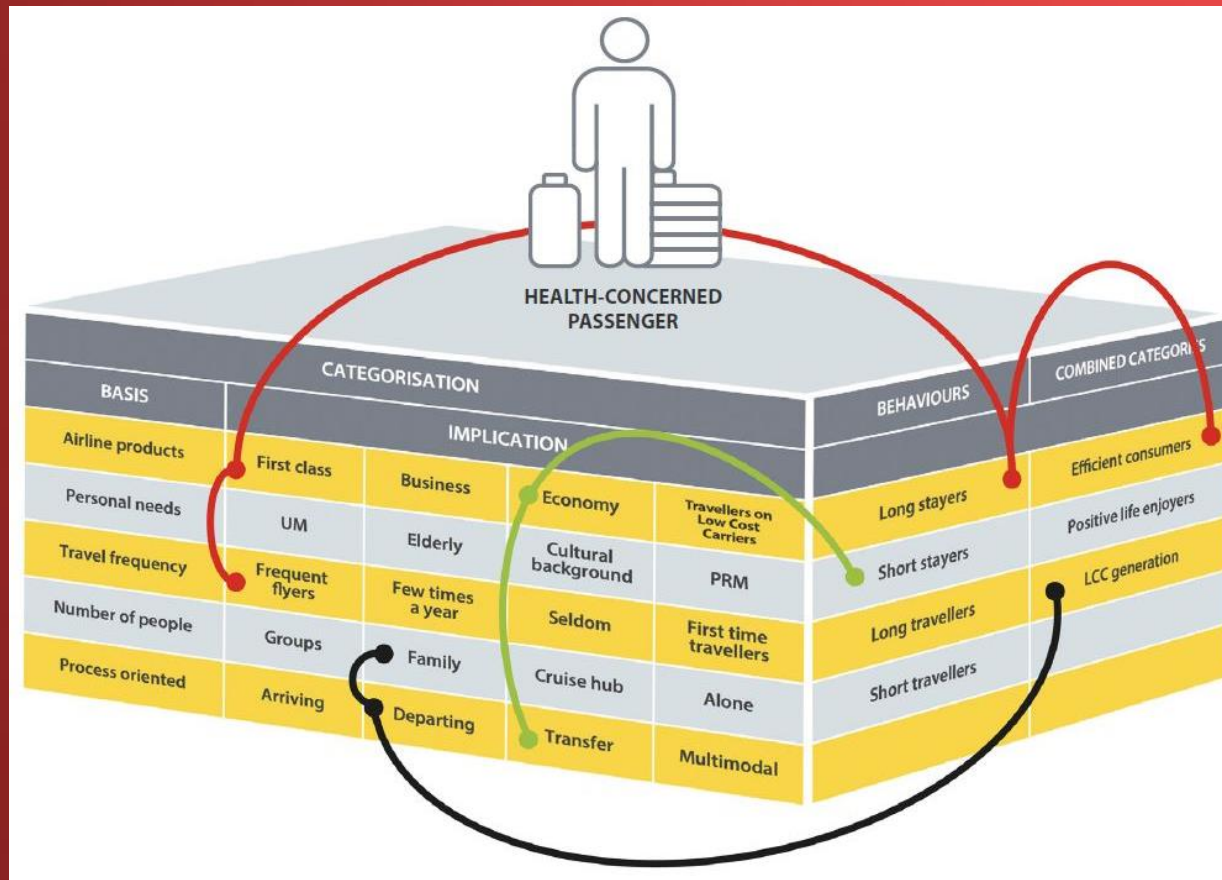


- Risk averse, Yields focused & Network restructuring

# CHANGING FUNDAMENTALS & MARKET STRUCTURES

# 1) NEW AIRPORT OPERATIONS NORMAL

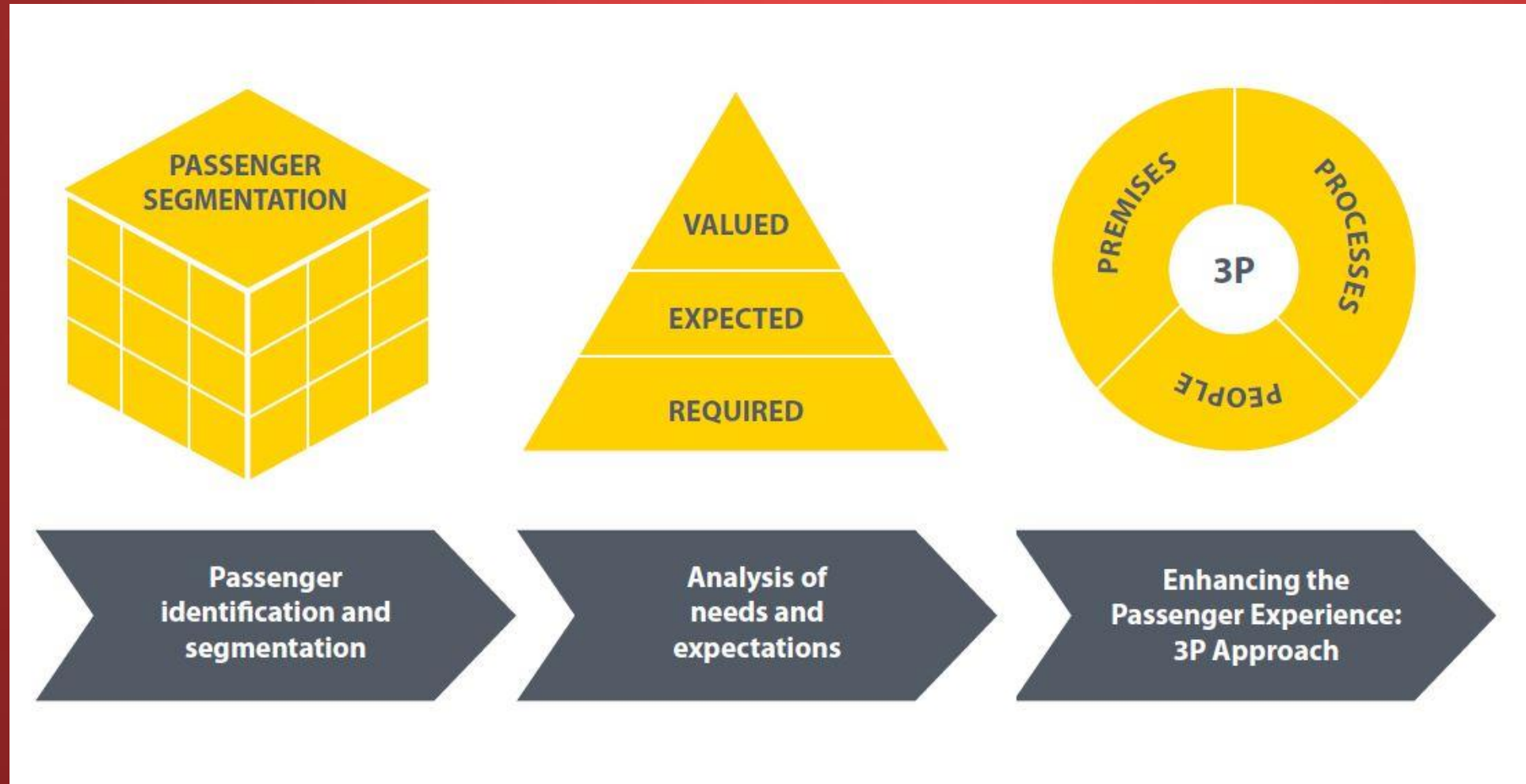
- Health Safety & Wellness = New Imperative



- A Different Passenger Experience



- **Impact on Processes, Premises, People...**



- ...& Capacity

Passenger flow & throughput,  
queue & space sizing,  
airport slots...



## Impact assessment of COVID-19 measures on airport performance



SUPPORTING EUROPEAN AVIATION





## 2) LCCs = (RELATIVE?) WINNERS

- Strongest Balance Sheets & Liquidity
- Product Offering, Cost Management & Agility



BEST PLACED IN RECOVERY & BEYOND



BEST PLACED IN RECOVERY & BEYOND

- **CAVEAT: “Flag carrier” Concept Back**

- ➔ **Aviation = business of States**
- ➔ **Policy & regulatory bias?**
- ➔ **Opportunity for deep restructuring?  
Hybridization**

### 3) LOWER TRAFFIC GROWTH

- The Climate Emergency



*“COVID-19 is a foretaste of what the Climate and ecosystem crises will entail from an economic perspective”*

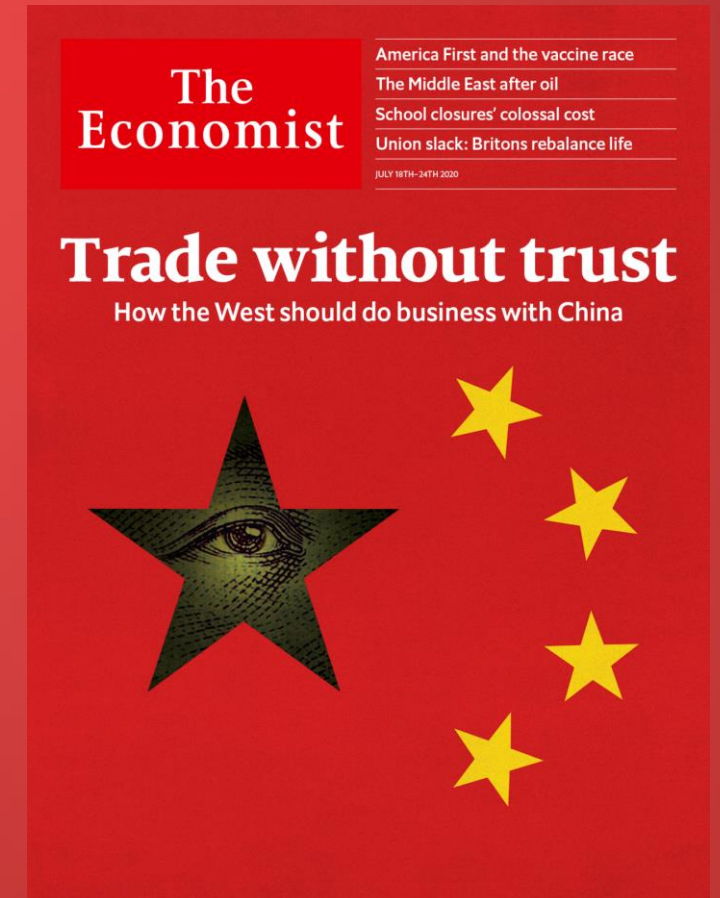
Thierry Malleret (The Monthly Barometer)

- Sustainability = THE societal imperative
- Changing lifestyles
  - Less meat, less oil,
  - fewer flights & more trains

- **Push Back Against Globalization  
& Changing Shape of Globalization**



- Geopolitical instability, social unrest & regulatory (protectionism) risks



- GDP & Passenger traffic (mis)alignment?



IMPACT

# 1) AERONAUTICAL REVENUES UNDER PRESSURE

- Competing for Restart, Recovery...  
and a **SMALLER PIE**



**= Airport Competition**

# Airport competition from airports' perspective: Evidence from a survey of European airports

**Volodymyr Bilotkach** 

Singapore Institute of Technology, Singapore

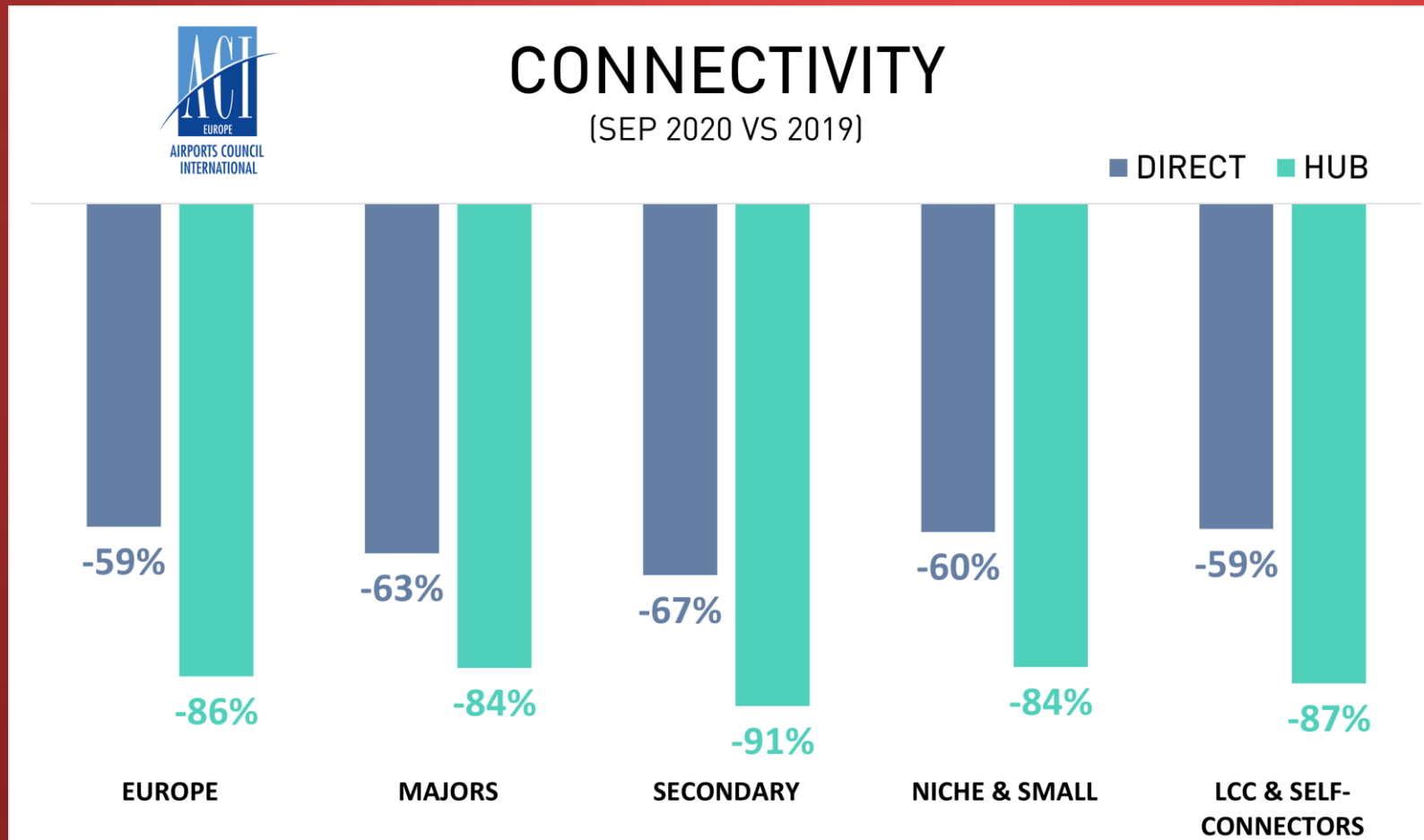
**Harry Bush**

Independent Regulatory Adviser

## Abstract

In this study, we describe the results of a questionnaire distributed among European airports in the autumn of 2019. The questionnaire was designed to elicit airports' views on the practicalities of competition between airports. We received 49 responses from airports in 24 countries; the respondents represent airports of different sizes. The survey results evidence behaviours consistent with significant competition between airports. Airports are taking active steps through their resourcing and staffing, incentives and marketing to attract airline services, and clearly see themselves taking the initiative in doing so. No airport, no matter how large, appears to be able to escape competition. The main policy message of our study, consistent with other recent reviews of airport competition, is that European regulators should re-evaluate their approach to the economic regulation of airports, especially as far as regional airports are concerned.

- Regional Airports Ever More Squeezed
- What Future For Hubs?
  - Hub connectivity on life (freight) support



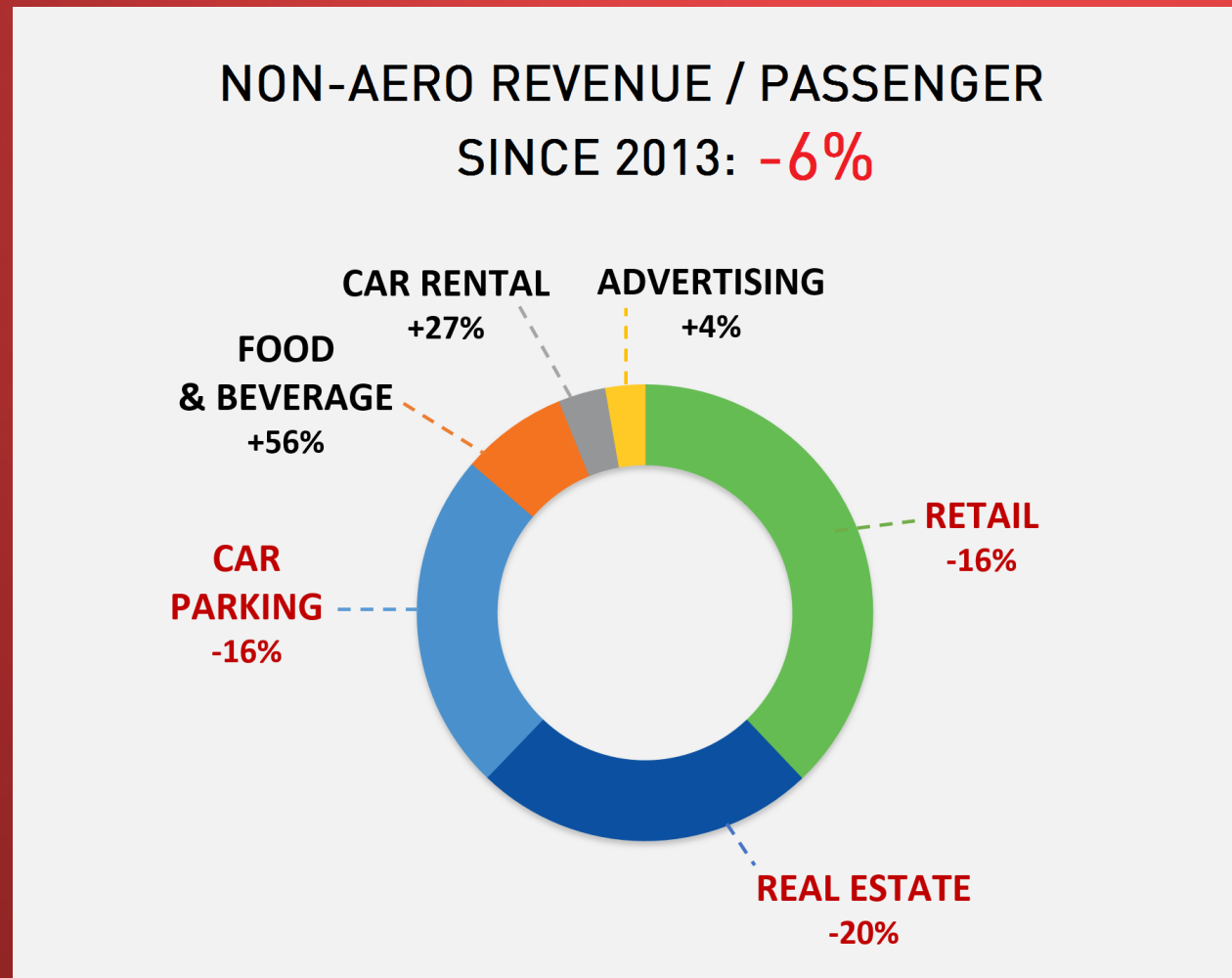


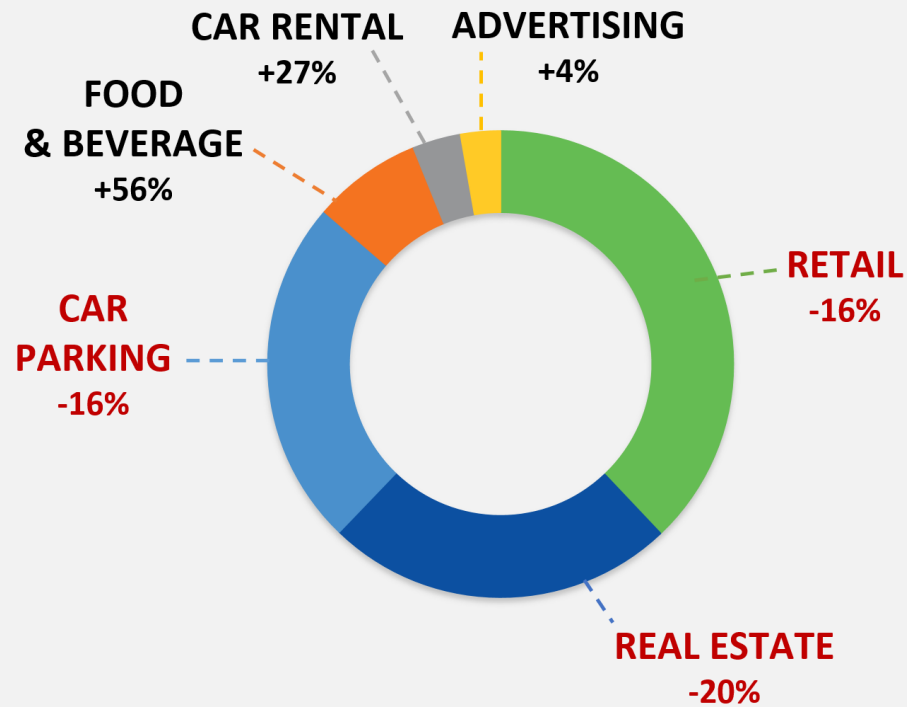
- Airline network simplification  
smaller aircraft + less spokes = less need for feed
  - Direct connectivity & environmental pressure
- = Balancing hub carrier reliance & diversification

- **Increasing Airline Dominance**

## 2) NON-AERO REVENUES UNDER PRESSURE

- Decreasing spend / passenger since 2013





- + Lower Volume Growth = The Moment Of Truth
- Consolidation (Concessionaires)

### **3) AIRPORT ECONOMIC MODEL = *VOLUME DEPENDENT & DRIVEN***

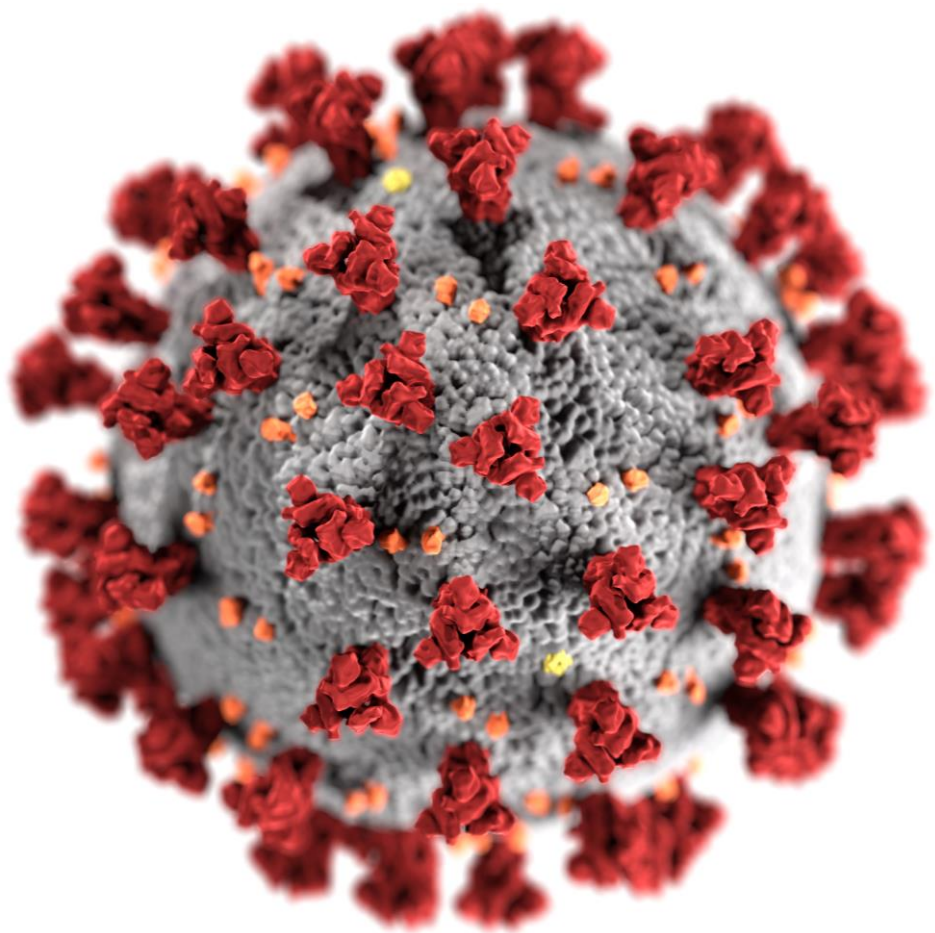
**= No Longer Future-Proof**







- **Ability to Keep Investing?**  
*Sustainability, Digitalisation, Quality, Capacity*
- **Ability to remunerate shareholders?**  
(public & private)



# THE GREAT RESET

# Towards New Airport Business Model





# 1) BUILD BACK BETTER SUSTAINABLE & GREEN AIRPORTS



NET ZERO







**airport  
carbon  
accreditation**



**165 accredited airports in Europe**

**52 carbon neutral airports**



**Aligning with the Paris Agreement**

# • Sustainability Strategy Reset



= Airports as agents of social inclusion

## 2) DELIVER **IT** BETTER

*- THE HYPER-EFFICIENT & CONNECTED AIRPORT*



### PERFORMANCE MANAGEMENT AT EUROPEAN AIRPORTS

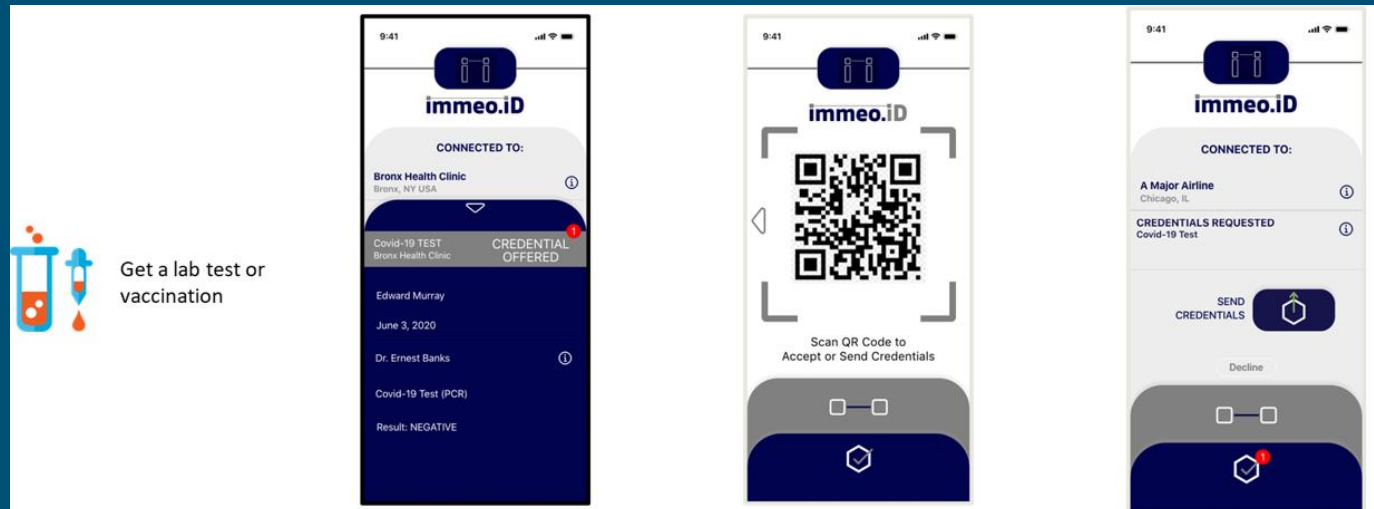




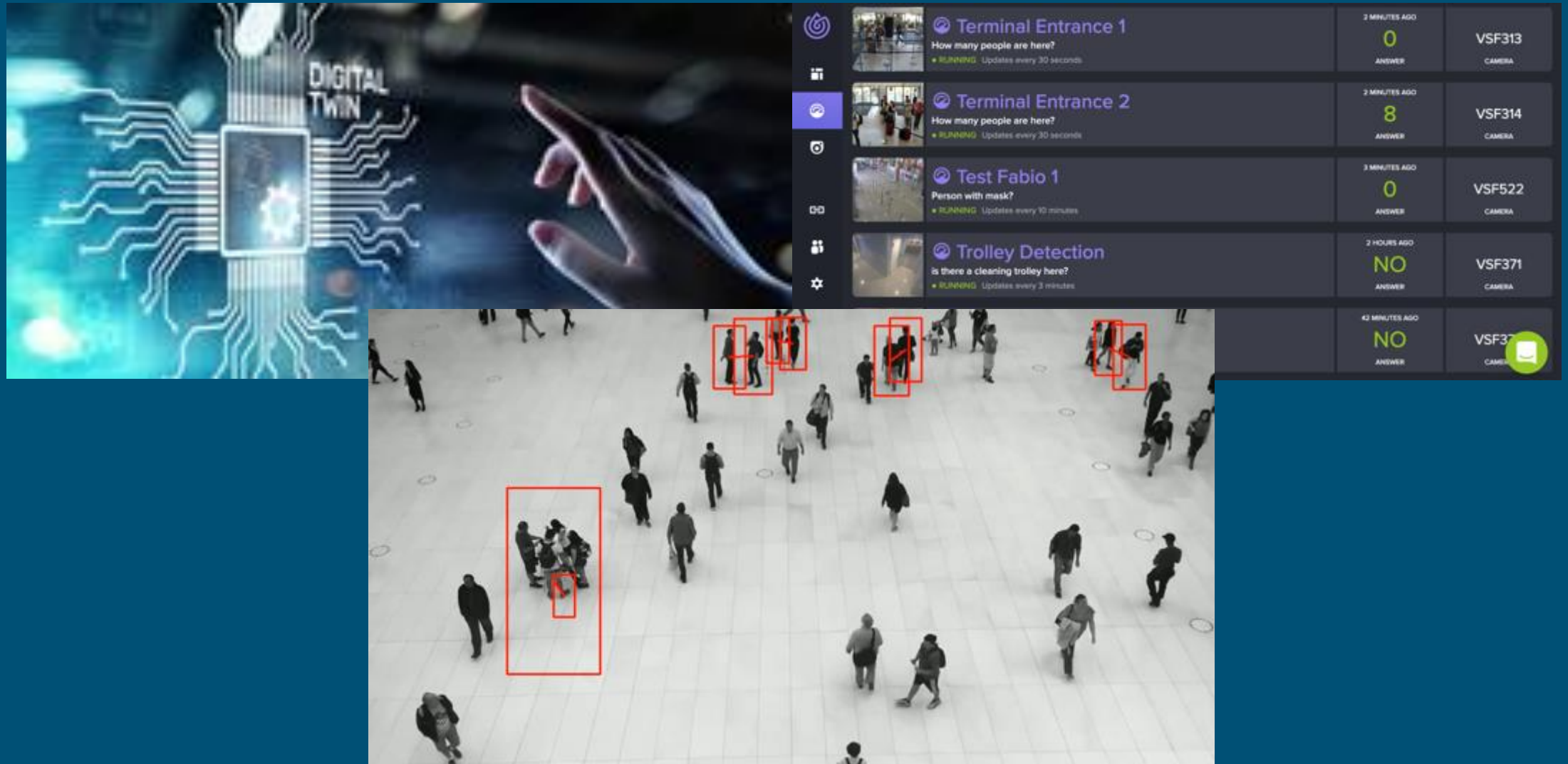
- Leveraging Technology & Data
  - Touchless, biometric & sanitization



- Common health portal & remote health monitoring



# - Data management - consolidation & analytics





# • Operational Integration



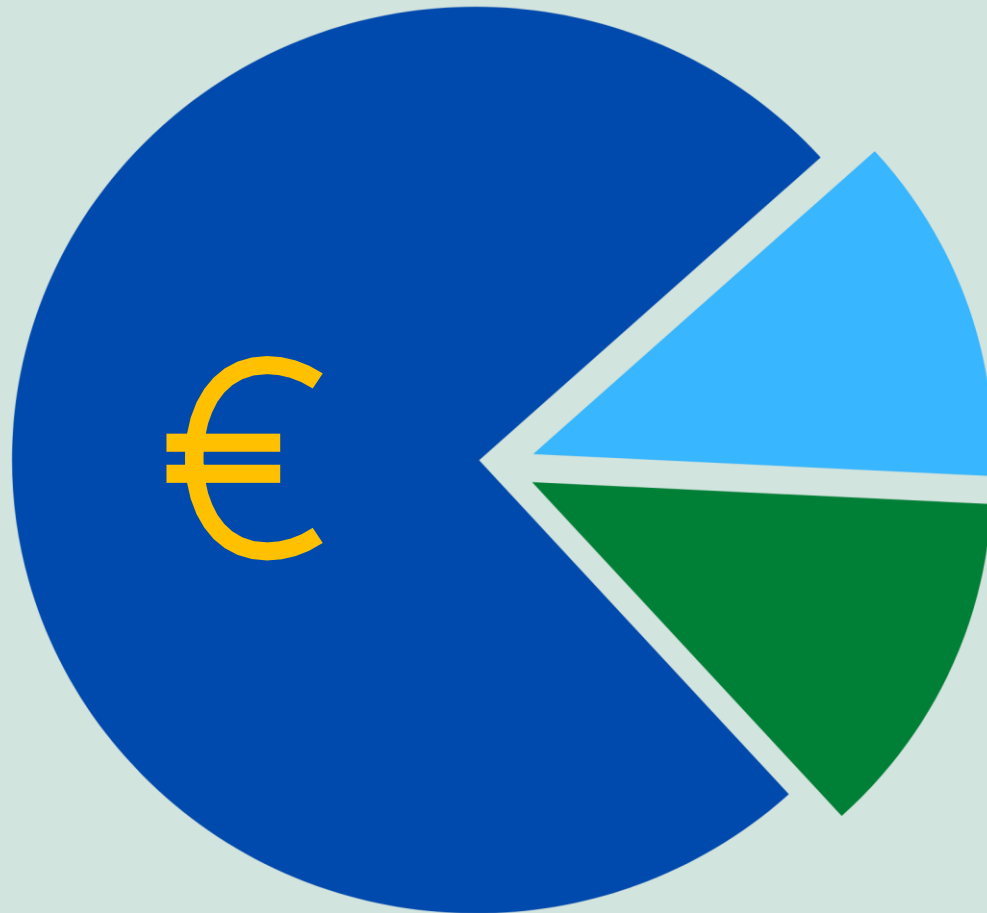
- **Airport alliances, networks & consolidation**

- Rebalancing airport & airline relationships
- Solution for smaller regional airports



### **3) EXPANDING THE PIE**

***A NEW LOOK AT REVENUE GENERATION***



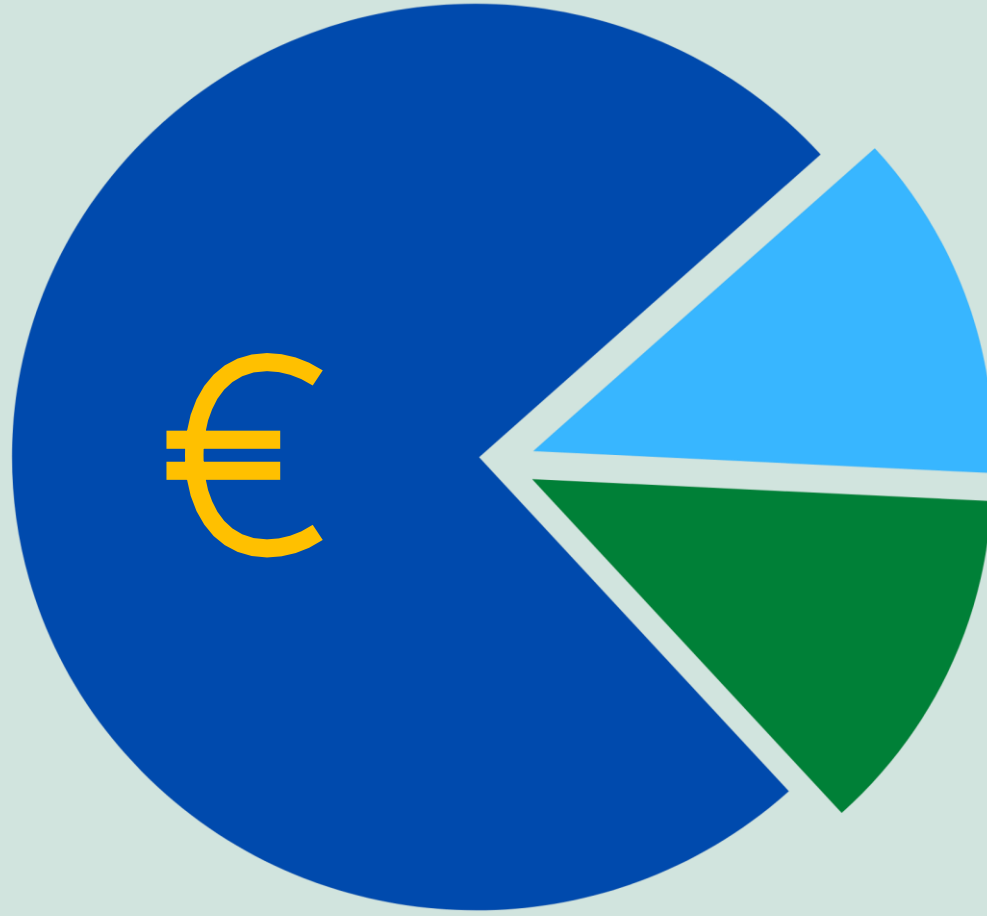


- **Aeronautical Charges**

- “User pays principle”: cornerstone of green policies
- Flexible, dynamic & market driven pricing

- **Commercial revenues**

- New relationships & Risk sharing with concessionaires
- In-house or externalize?
- Airports, concessionnaires, brands... and AIRLINES



- **New industry (hyper) cooperation paradigm?**



## **4) EUROPEAN AIRPORT MODEL**

***- TO THE NEXT LEVEL***

**B2B**

*Business*

**B2C**

*Consumers*

**B2P**

*People*





**CREATING VALUE  
& TRUST FOR ALL  
STAKEHOLDERS**





# THANK YOU



[www.aci-europe.org](http://www.aci-europe.org)

[www.airportcarbonaccreditation.org](http://www.airportcarbonaccreditation.org)