

# THE REGIONAL AIRPORT INDUSTRY



**Olivier Jankovec**  
ACI EUROPE Director General

## **13th Regional Airports' Conference & Exhibition**

Palermo, 29 March 2022

 [#RACEPalermo](https://twitter.com/RACEPalermo)

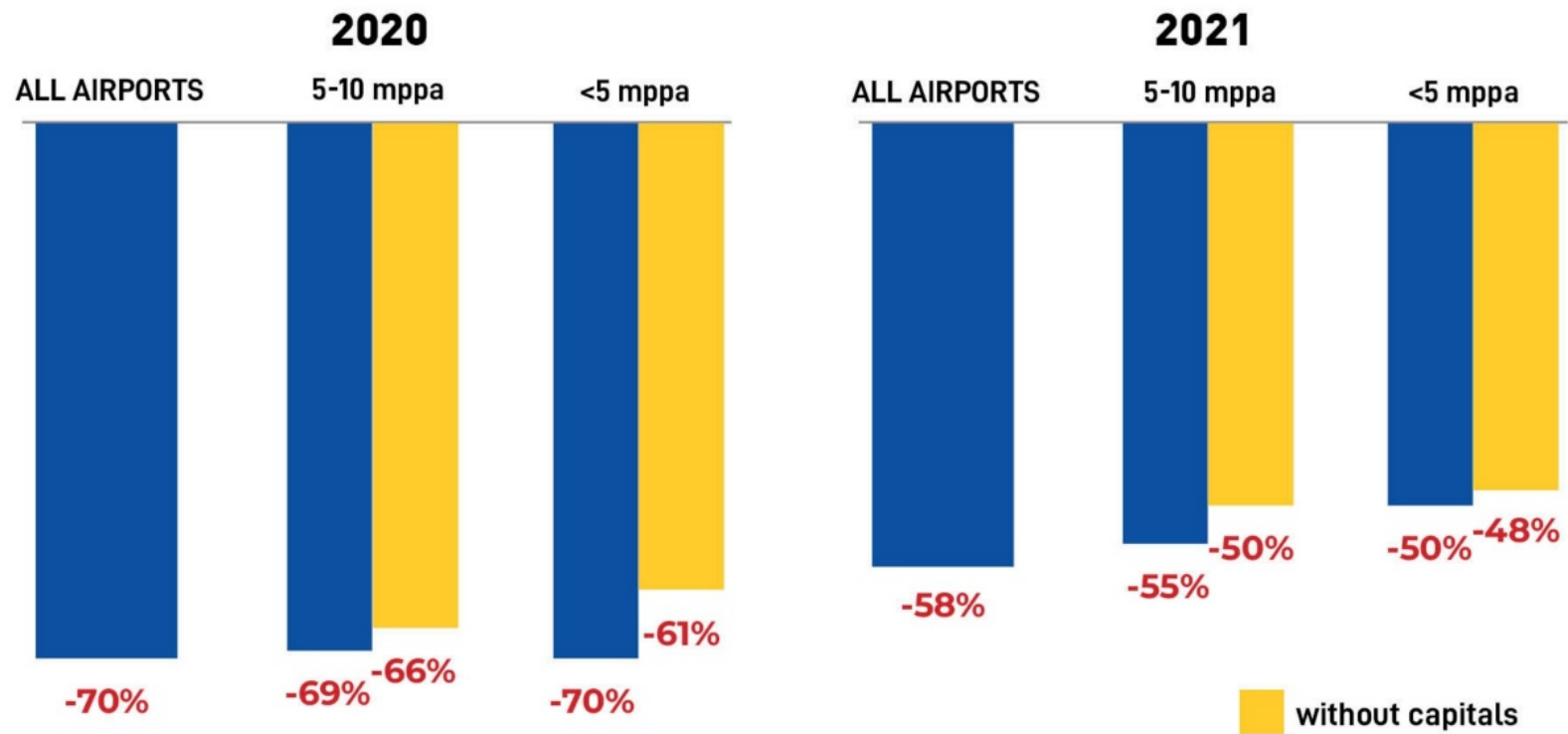






**- COVID-19 SLUMP & (slow) RECOVERY**

## Passenger Traffic (2020/2021 vs. 2019)

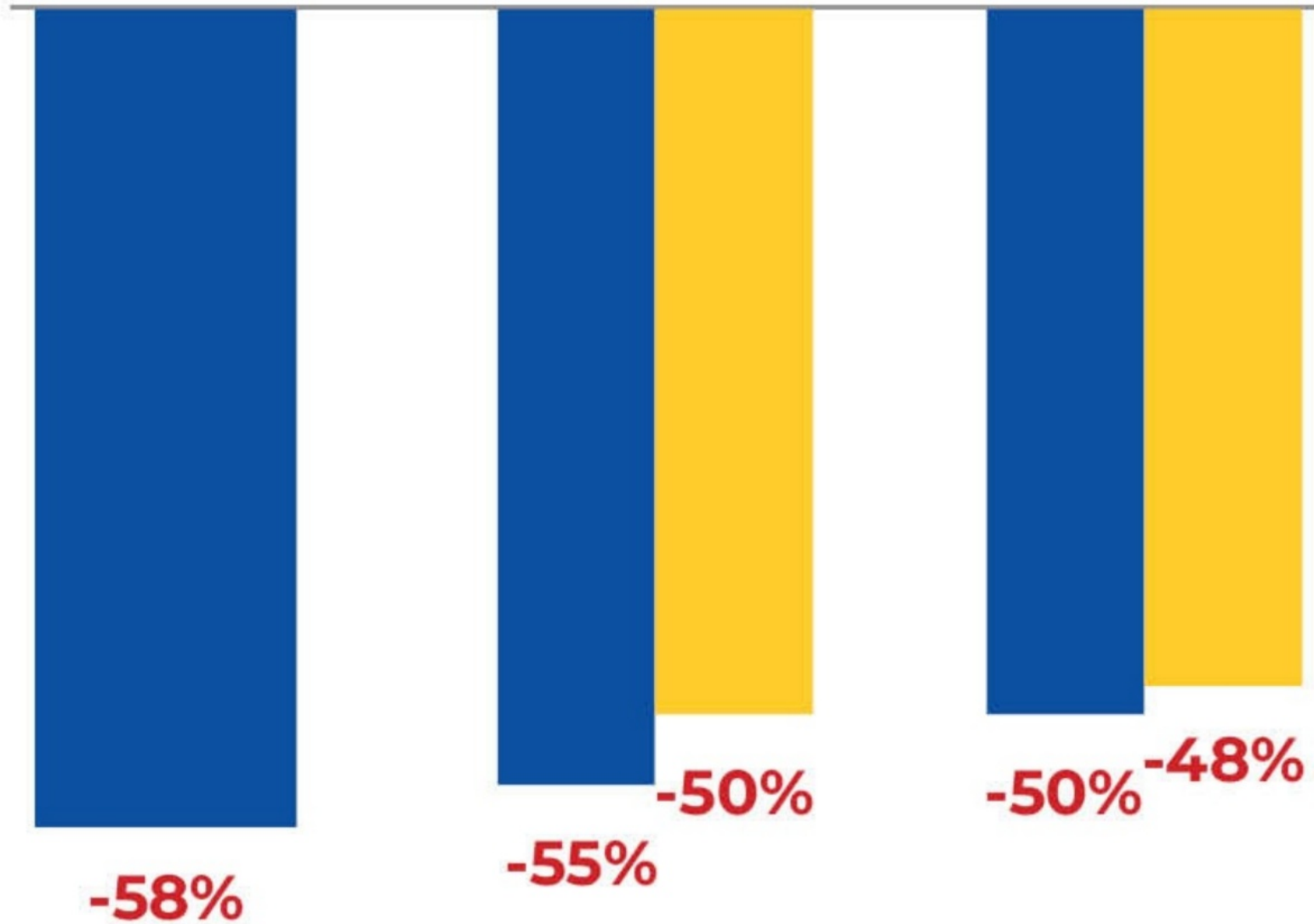


# 2021

ALL AIRPORTS

5-10 mppa

<5 mppa



- **Passengers lost over 2020 & 2021**

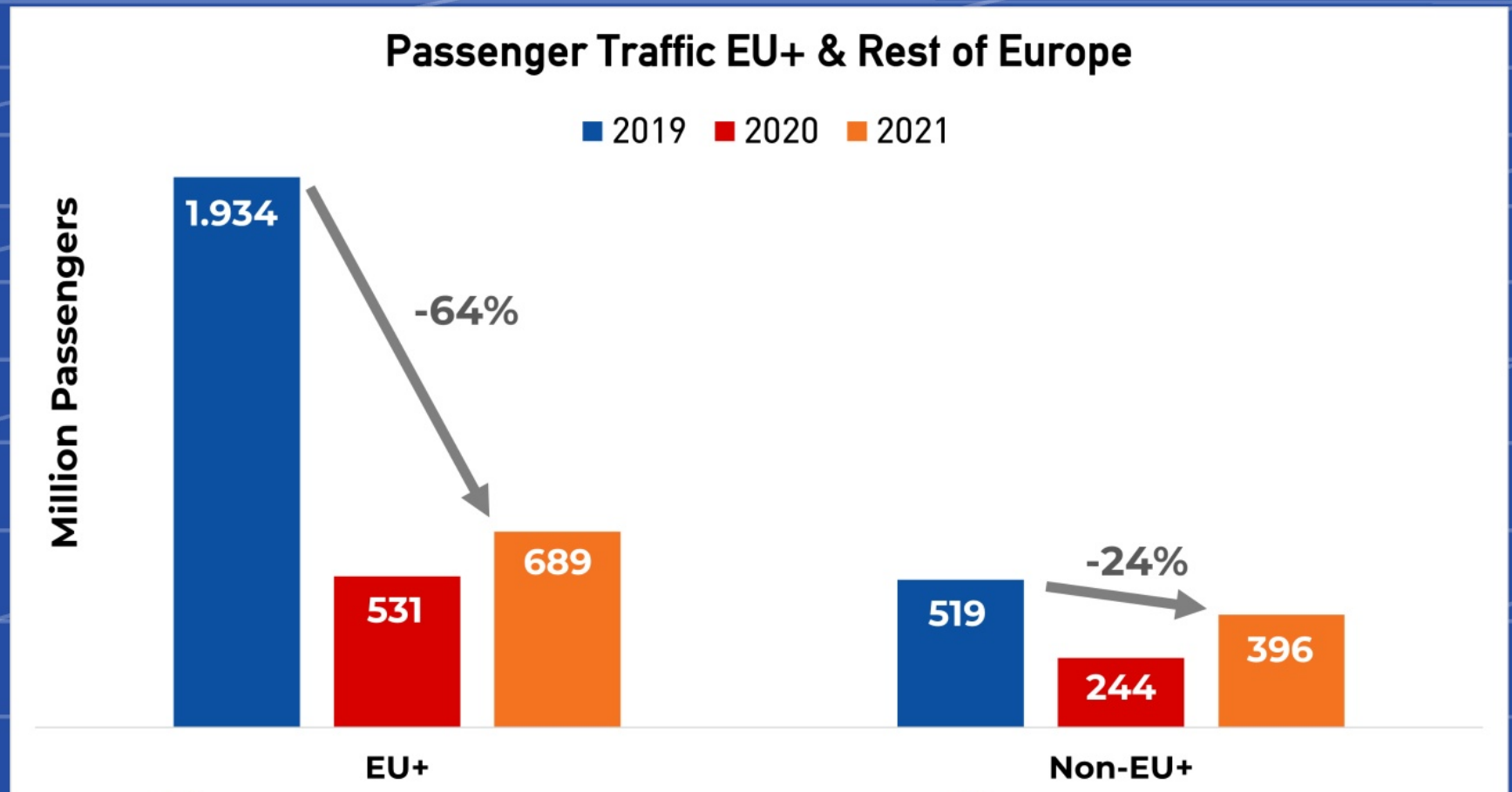
**European airport network:**

**-3.1 billion**

**& Regional airports:**

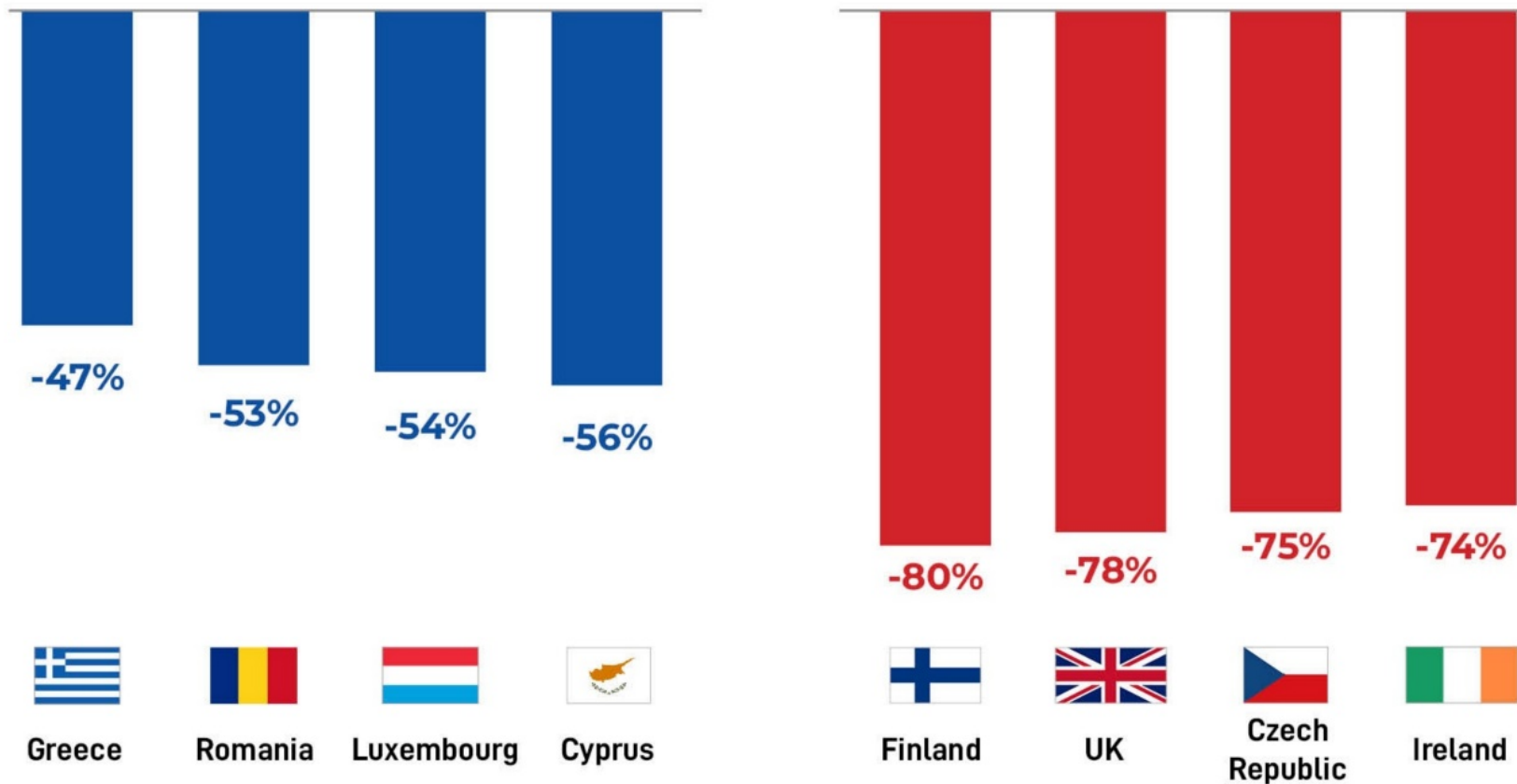
**-821 million**

# • 2021: non-EU+ & Regional airports resilience



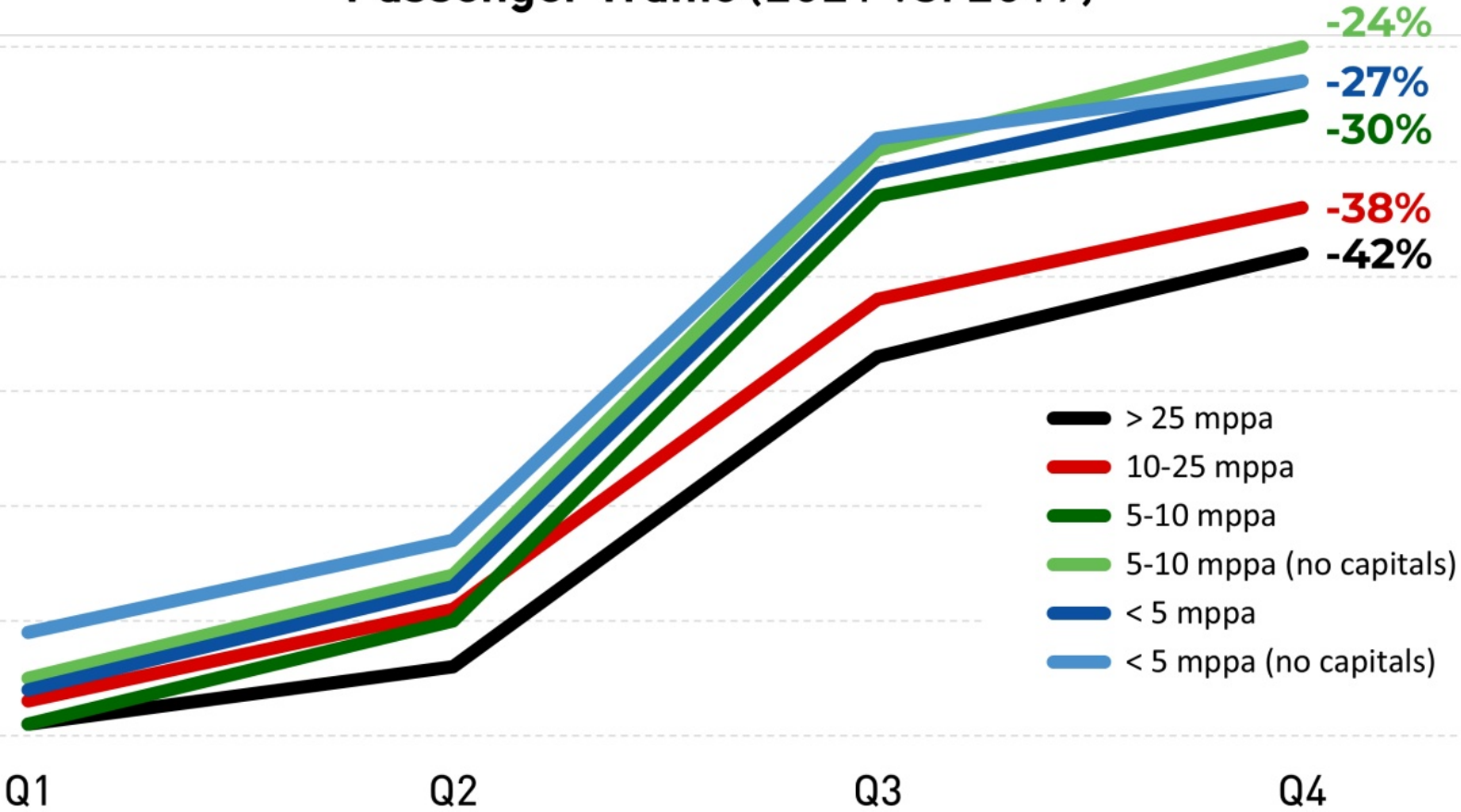
# Best & Worst Markets

(Passenger Traffic: 2021 vs. 2019)

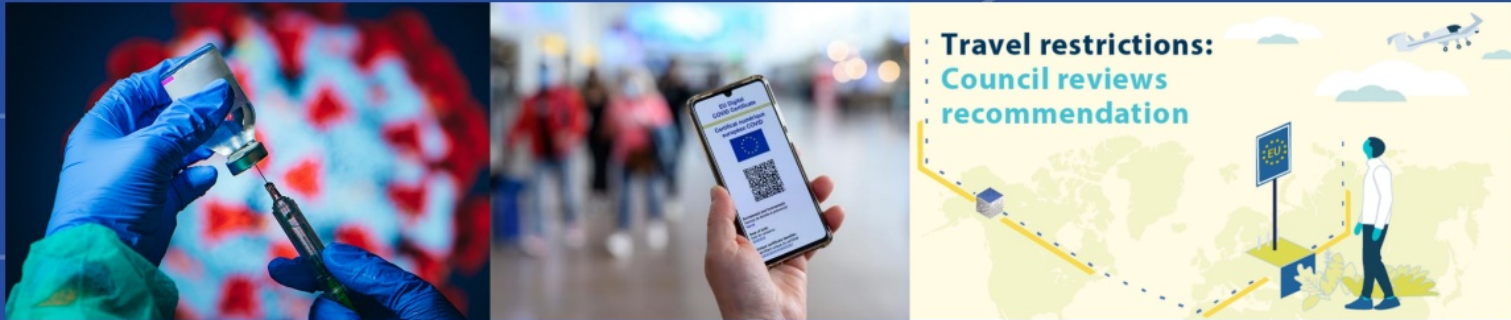




# Passenger Traffic (2021 vs. 2019)



- Intra-European & Leisure/VFR driven recovery



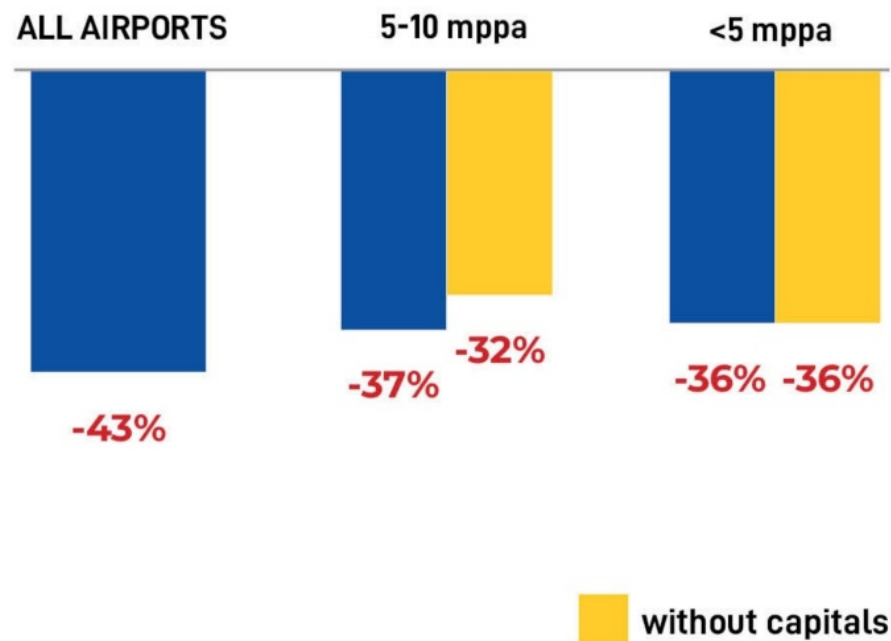
- December 2021: Regionals outperforming

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

# **2022 OUTLOOK & BEYOND**

**- RENEWED UNCERTAINTY**

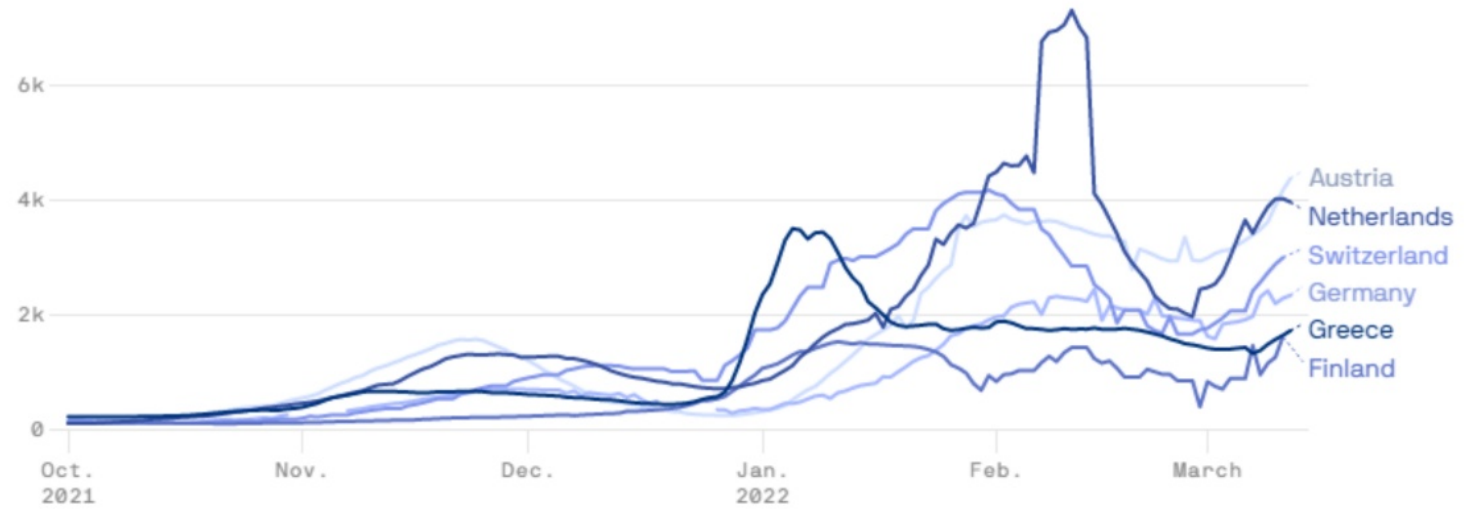
## Passenger Traffic (YTD 2022\* vs. 2019)



\*Up to 28 February 2022

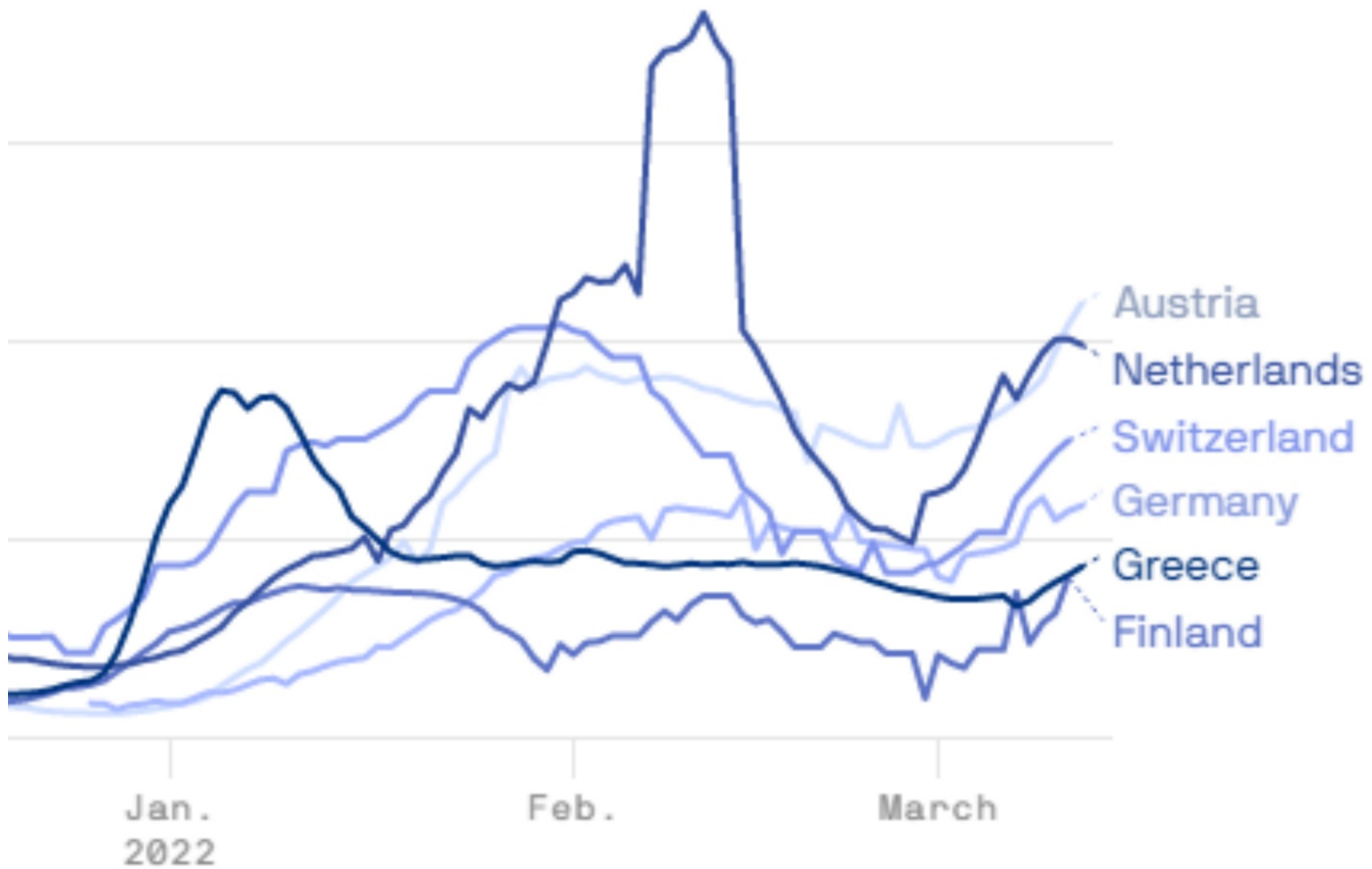
## • Omicron wave subsiding...

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:

**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 remove travel restrictions for all vaccinated /recovered passengers in light of emerging evidence*

ED GE Edge Health oxera

Impact of travel restrictions on Omicron in Italy and Finland

Oxera and Edge Health  
Prepared for ACI Europe and IATA  
26 January 2022

A study of the effectiveness of travel restrictions in the EEA

ED GE Edge Health oxera

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

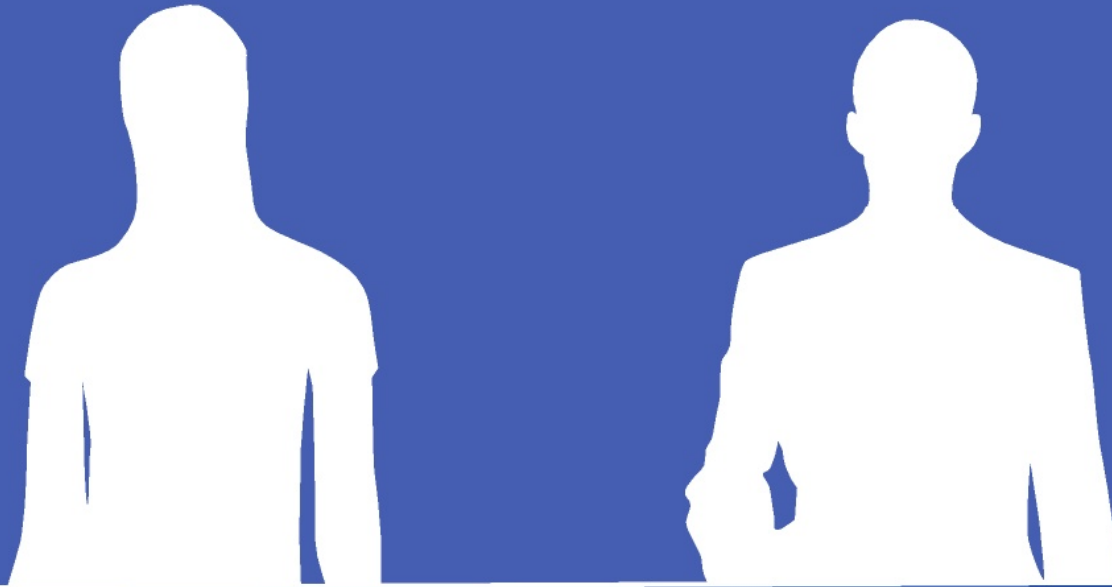


... UK lifting all restrictions





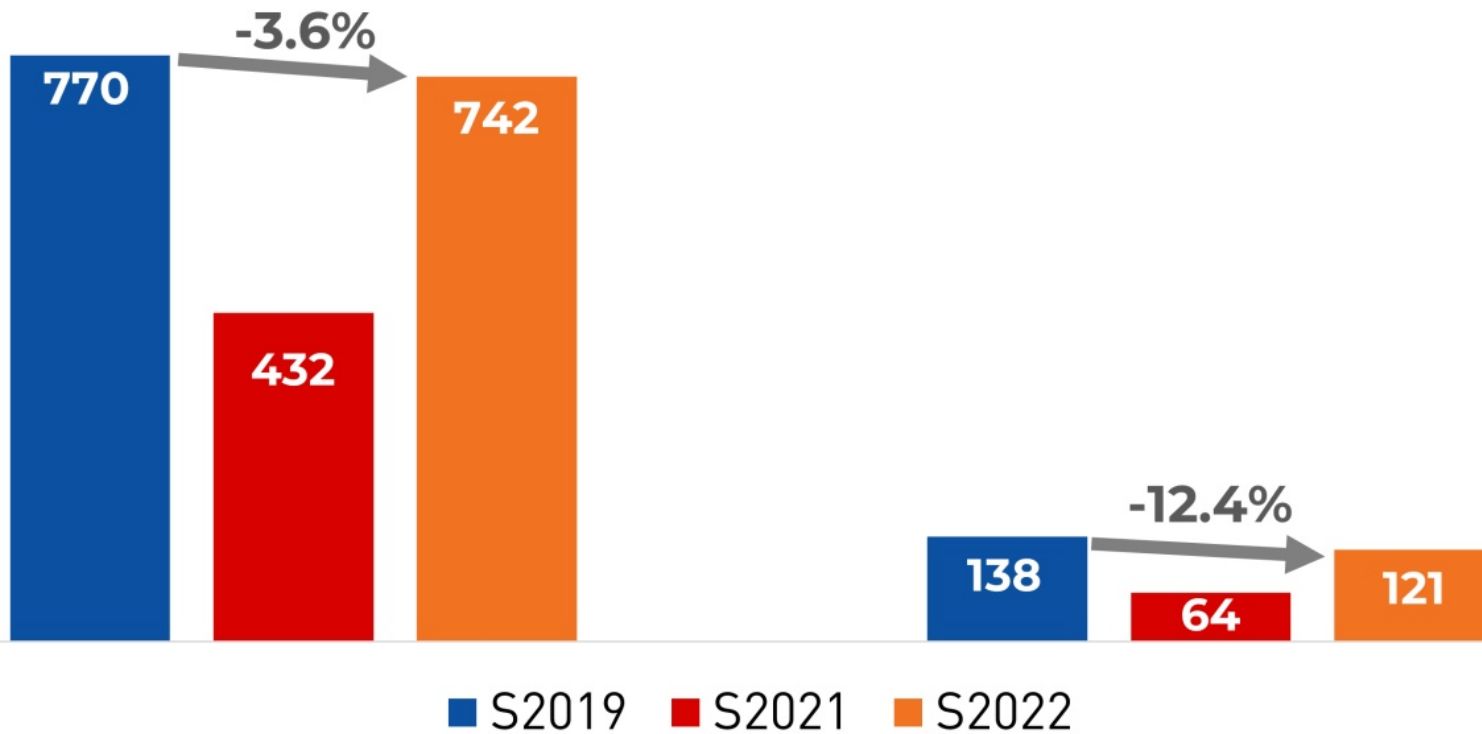
- **Bullish Summer ahead**



## Airline seats from European airports (millions)

WITHIN EUROPE

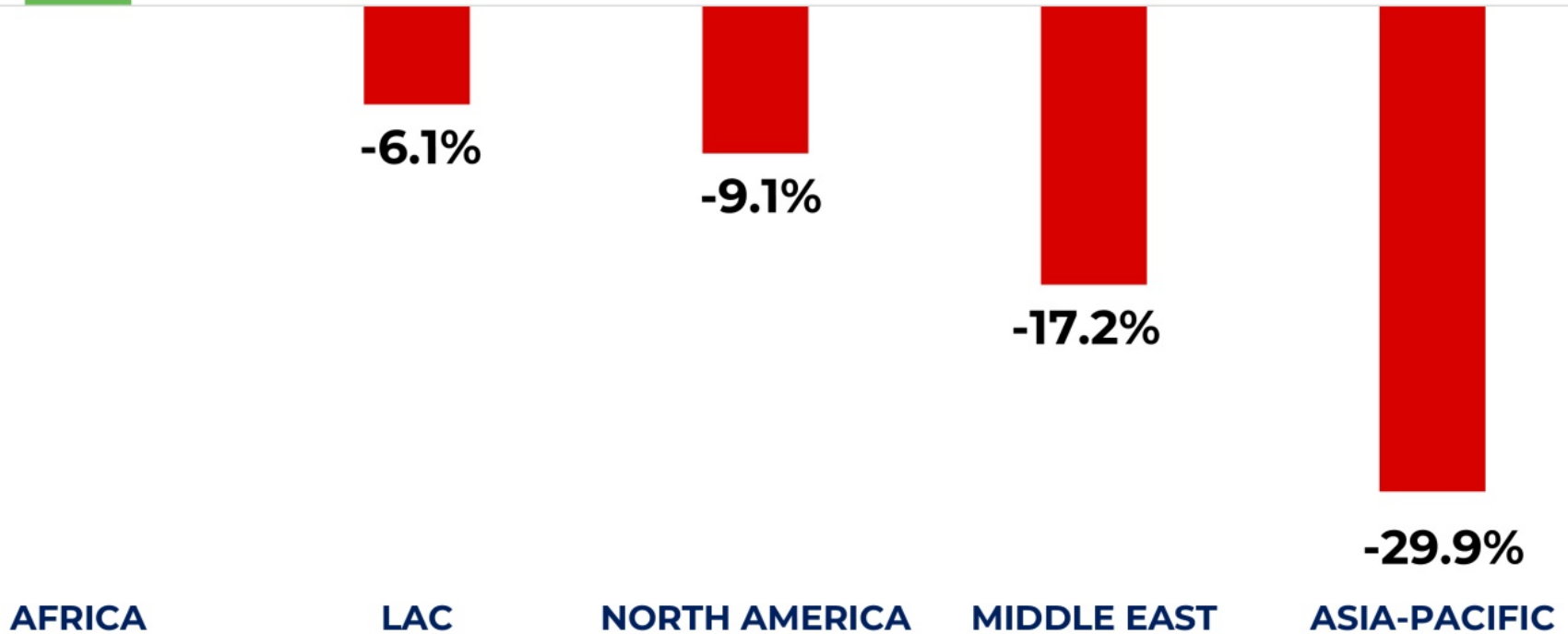
OUTSIDE EUROPE



- Intra-Europe & Africa networks better off

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

+0.4%



- Regional airports better off

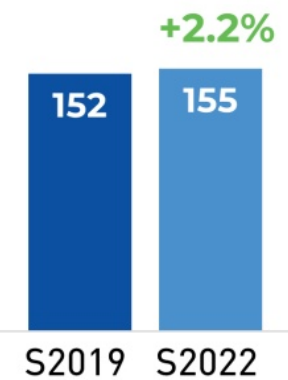
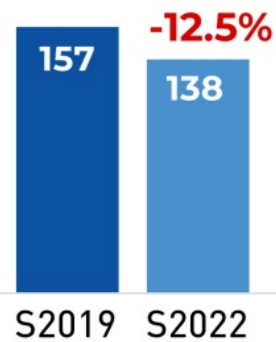
### Airline Seats by Airport Groups (millions)

> 25 mppa

10-25 mppa

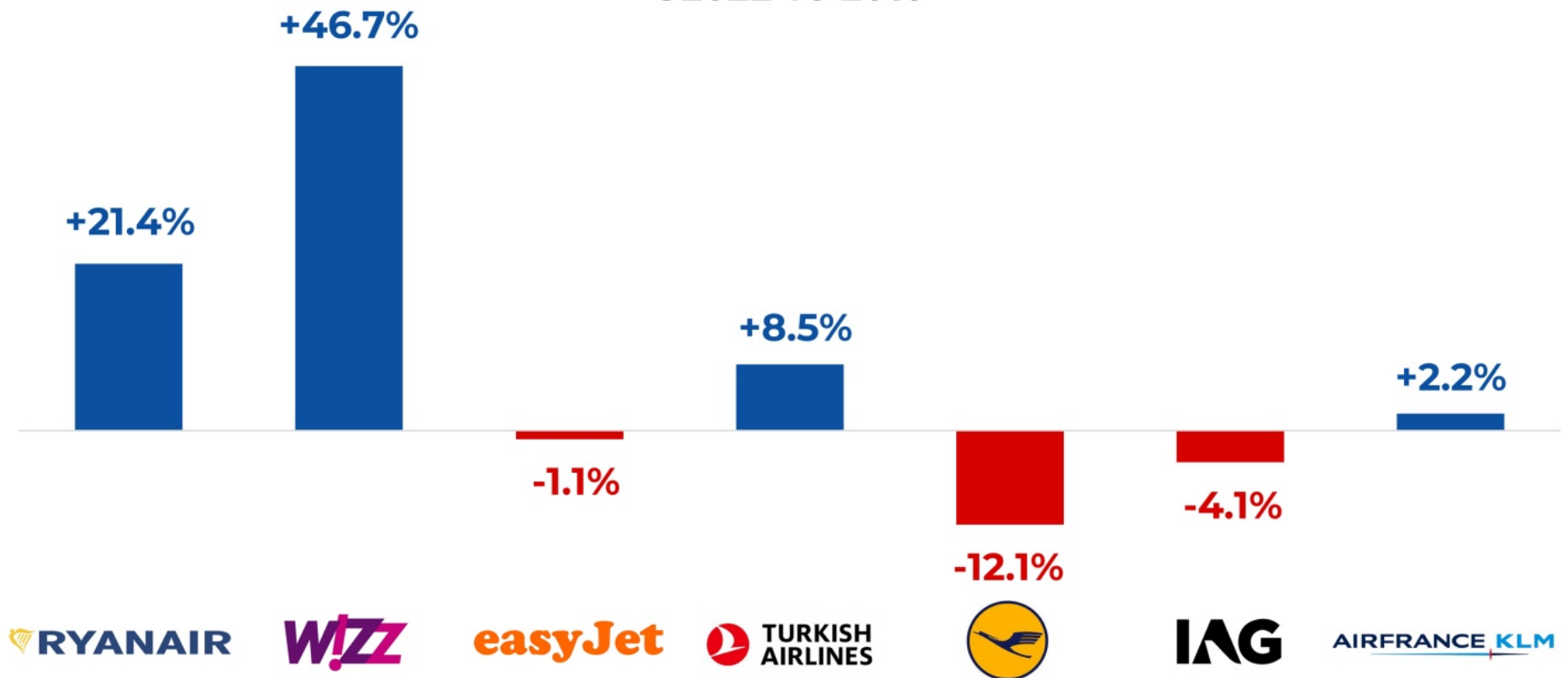
5-10 mppa

< 5 mppa



## - FR & W6 driving the recovery

Airline seats intra-Europe (%)  
S2022 vs 2019



**BUT...**

The Economist

MARCH 15TH-19TH 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 15TH-19TH 2022

The alternative world order

"Friendship between the two states has no limits"



IMPACT

- **Renewed supply pressures...**

- ✓ *Downsized airlines & reduced fleets*

- ✓ *Slot waivers freezing capacity  
= preventing new entries & domino  
effect on regional connectivity*

- ✓ **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

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



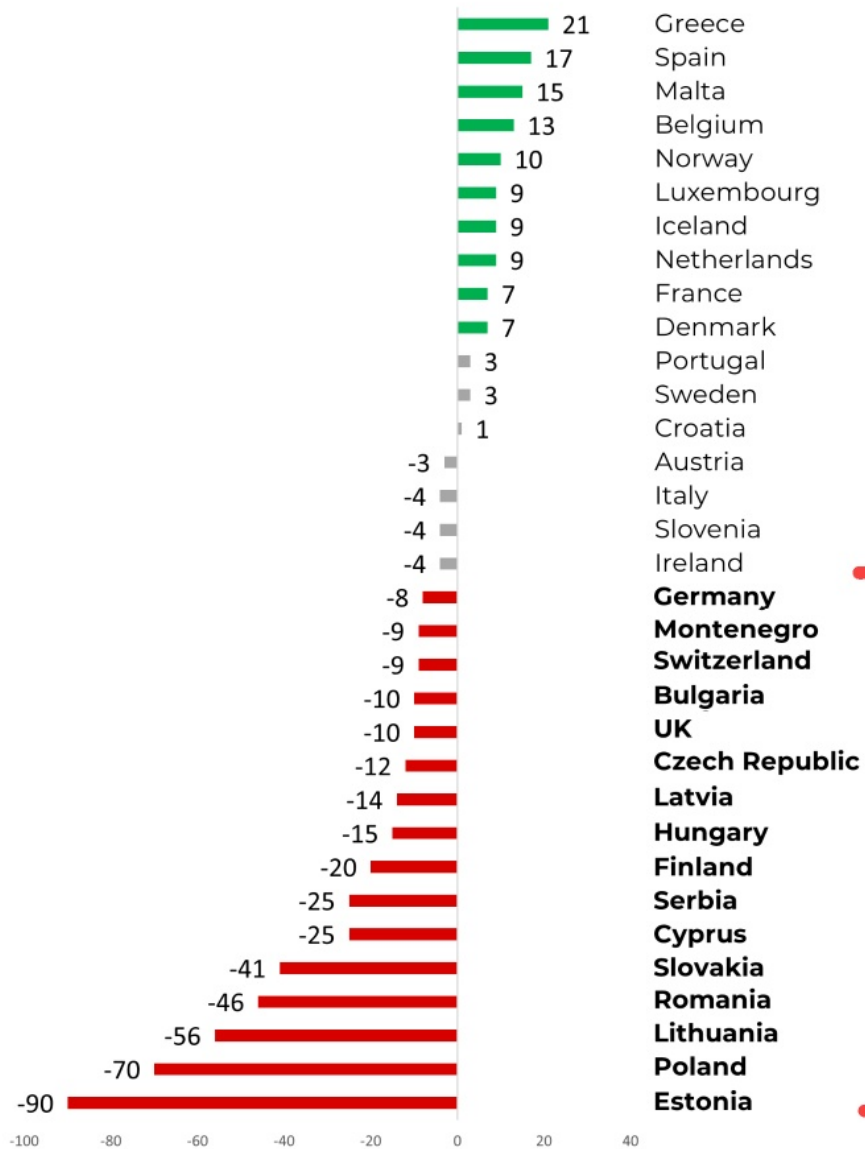
War in Ukraine

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

published on 3/9/22 4:15 PM



## Net Sentiment Score EVOL (+/-)



**Destinations  
currently  
impacted  
reputation-wise**

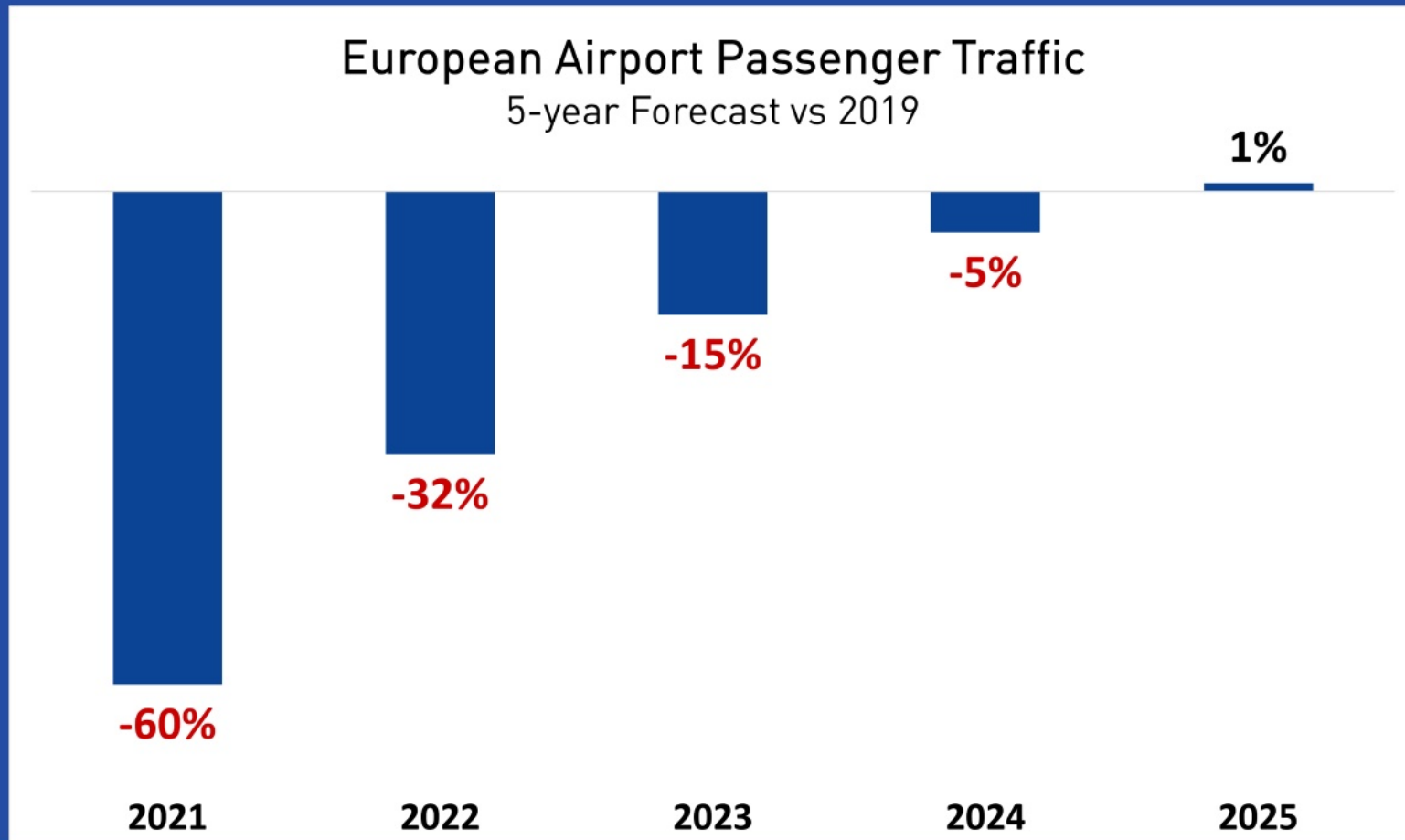
# - Bookings for intra-EU/UK travel holding up

## Bookings for the Easter & Summer holidays increase

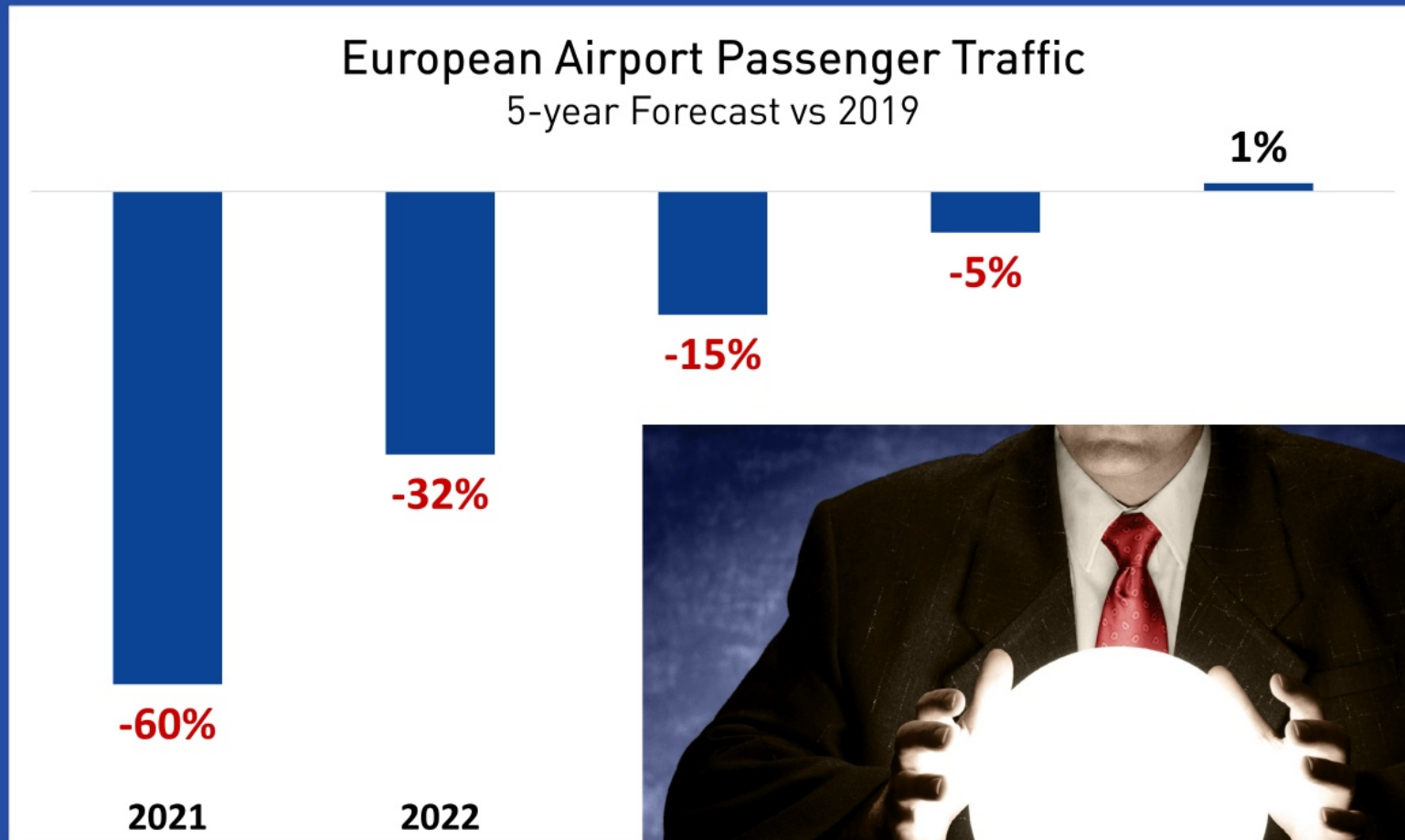
On-the-book arrivals to EU and UK from EU and UK for Easter and summer holiday with tickets up to 23 Feb 2022 and 15 Mar 2022; var vs. 2019 levels



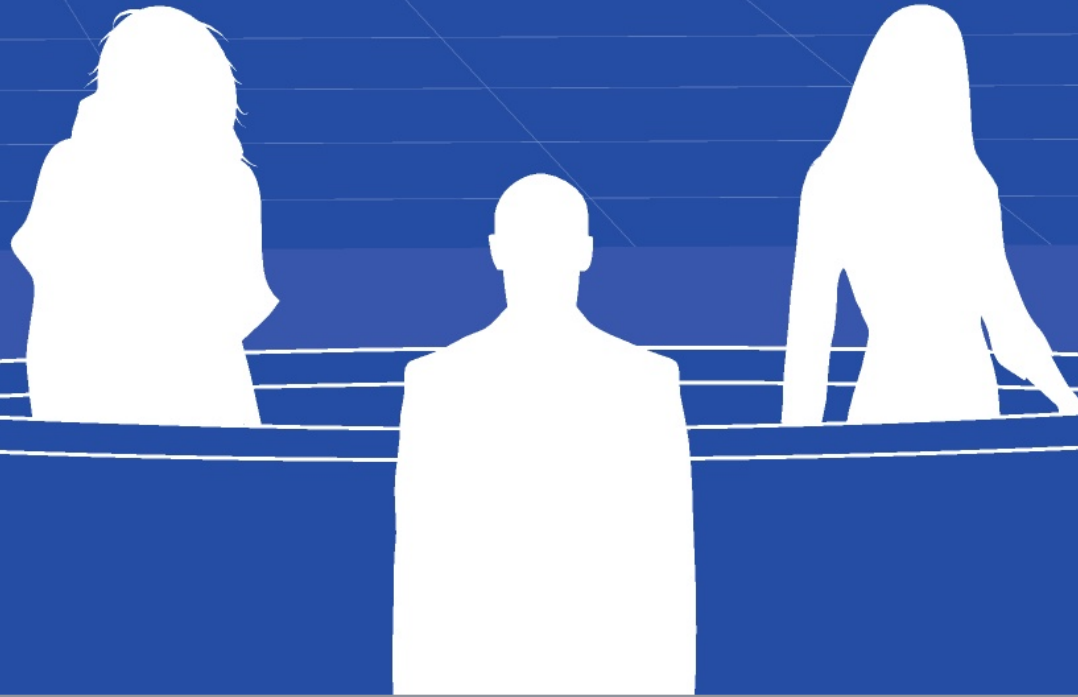
- Full recovery forecast



- Full recovery forecast



# 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



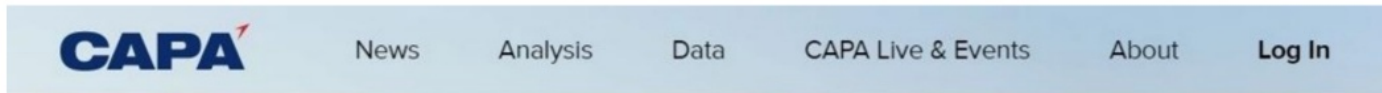
## **Airports and Airlines call for all intra-EU COVID Travel Restrictions to be dropped as pandemic hits second anniversary milestone**

*New evidence shows travel restrictions failed to prevent the spread of COVID-19 and 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

- Historic losses



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?

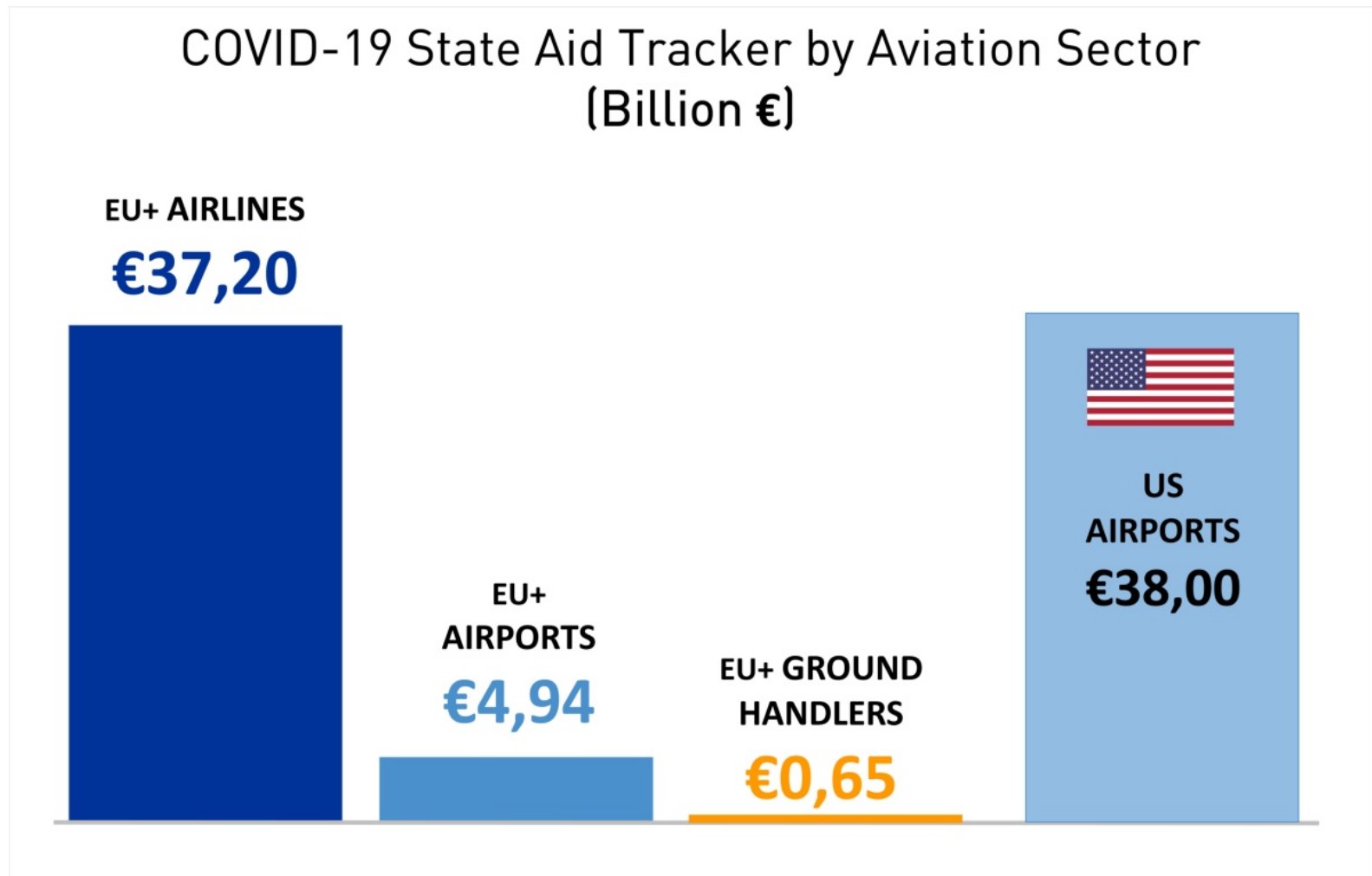
**Friedrichshafen Airport**  
**files for bankruptcy.**

Berlin airport calls for cash to stave off bankruptcy

22-Sep-2020 1:45 PM

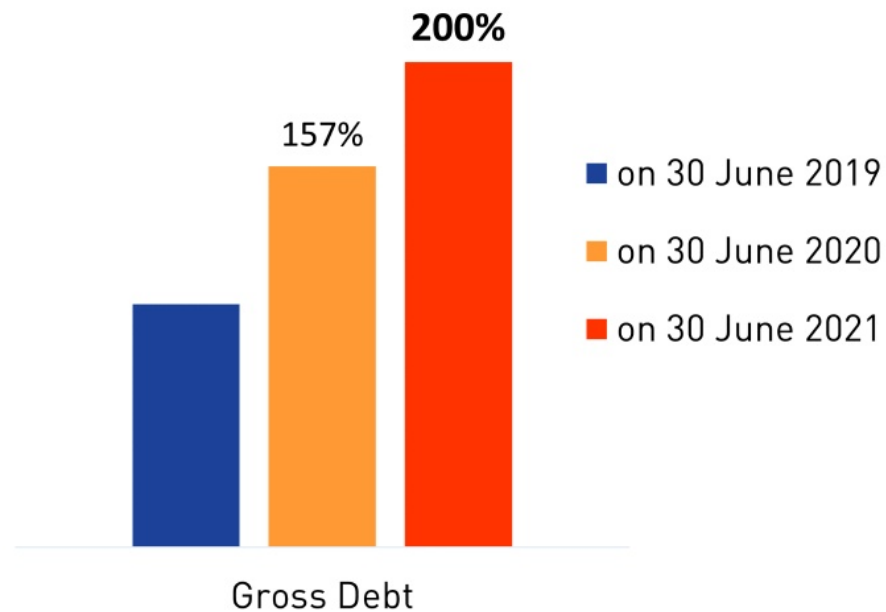
**Paderborn Airport opens insolvency proceedings**

## - Imbalanced State financial support



- Massive airport debt load

### Gross Financial Debt



- Cash intensive & revenue weak recovery

## - Investment crunch ahead



## - Regulatory alignment challenge

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

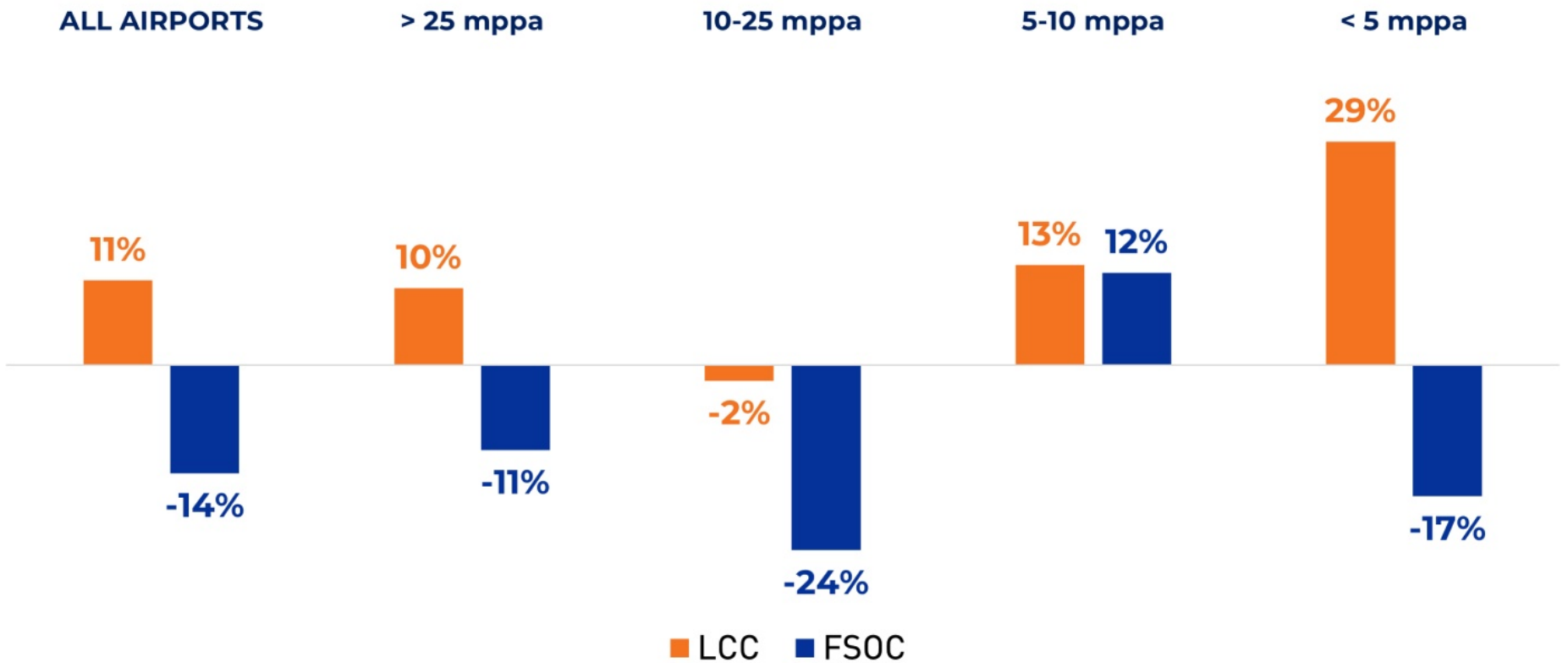
### 3. Airline dominance & pressures...





## 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

... Airline hybridisation & Consolidation

**= SYSTEMIC AIRPORT COMPETITION &  
SMALL/REGIONAL AIRPORTS SQUEEZED**



## 4. States offloading responsibilities & costs onto airports

- Health & sanitary checks
- Security & border control
- Schengen Entry Exit System

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

## 5. Sustainability & decarbonisation imperative

- European airports leading



**146** regional airports **certified**

**32** regional airports **carbon neutral & beyond**

**9** regional 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 |



## - Regulation redefining the economics of aviation



- Regulation redefining the economics of aviation



## i) FIT FOR 55

- ✓ *SAF mandates*
- ✓ *Electrification @ airports*
- ✓ *EU ETS tightened*
- ✓ *Taxation on kerosene*

**= NO CUMULATIVE IMPACT ASSESSMENT**

**= IMPACT ON REGIONAL AIR CONNECTIVITY?**

## ii) Bans & limits on short haul flying

= 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 CO<sub>2</sub> emissions"*

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## Short-haul flying and sustainable connectivity

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

24 March 2022

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[www.oxera.com](http://www.oxera.com)

**oxera**  
compelling economics





- **Regional airports = European cohesion & livelihoods**



- **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**



- **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



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