

COVID-19 & AIRPORTS

Traffic Forecast & Financial Impact

3rd Updated Forecast (October)

6 October 2020



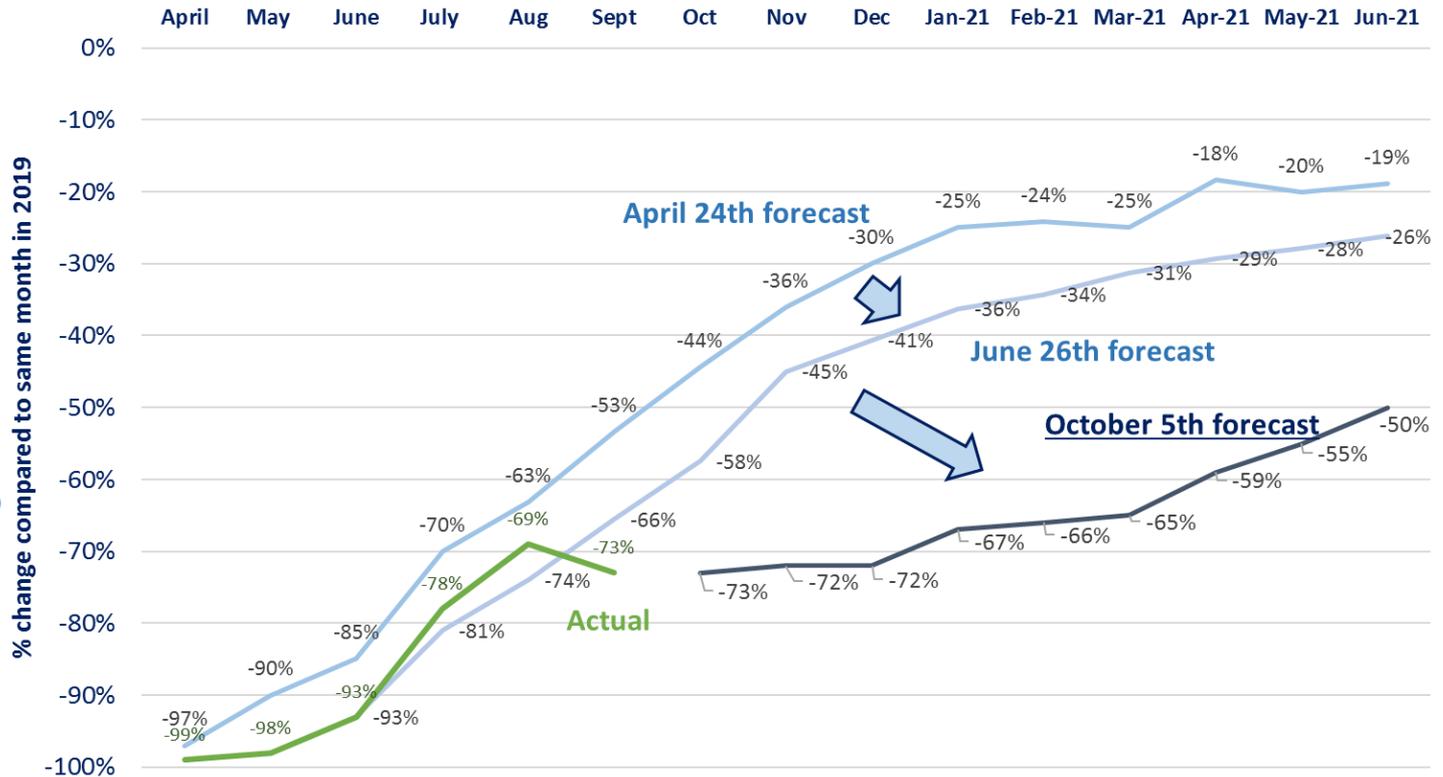
Traffic forecast revised downward & airport financial survival challenged

1. ACI EUROPE has **revised downward its traffic forecast** for the rest of 2020 and 2021
 - > This downward revision reflects **increased travel restrictions and in particular quarantine requirements** enacted since the end of August.
 - > Quarantines that apply to cross-border international passengers have the same effects as border closures: **effectively stopping travel**.
 - > They **deprive citizens** of their **right to free movement**, **harm the internal market** and **conflict with the advice** of both the European Centre for Disease Prevention and Control (ECDC) and the World Health Organisation (WHO).
2. An **EU Testing Protocol for Travel is urgently needed** for resilient & inclusive economic recovery
 - > This would ensure that we achieve the **'mid-case' scenario** forecasted. Otherwise **we risk a prolonged and deeper second dip in airport passenger traffic**.
3. The **revenue impacts** on airports raise questions about **financial survival & business continuity**
 - > **Airports' debt loads are increasing, cash reserves dwindling**, and likelihood of collecting deferred revenues shrinking.

Latest forecast revised downward & slower recovery for Europe



ACI EUROPE - Airport Passenger Traffic Forecasts
(% change compared to same month in 2019)



2020

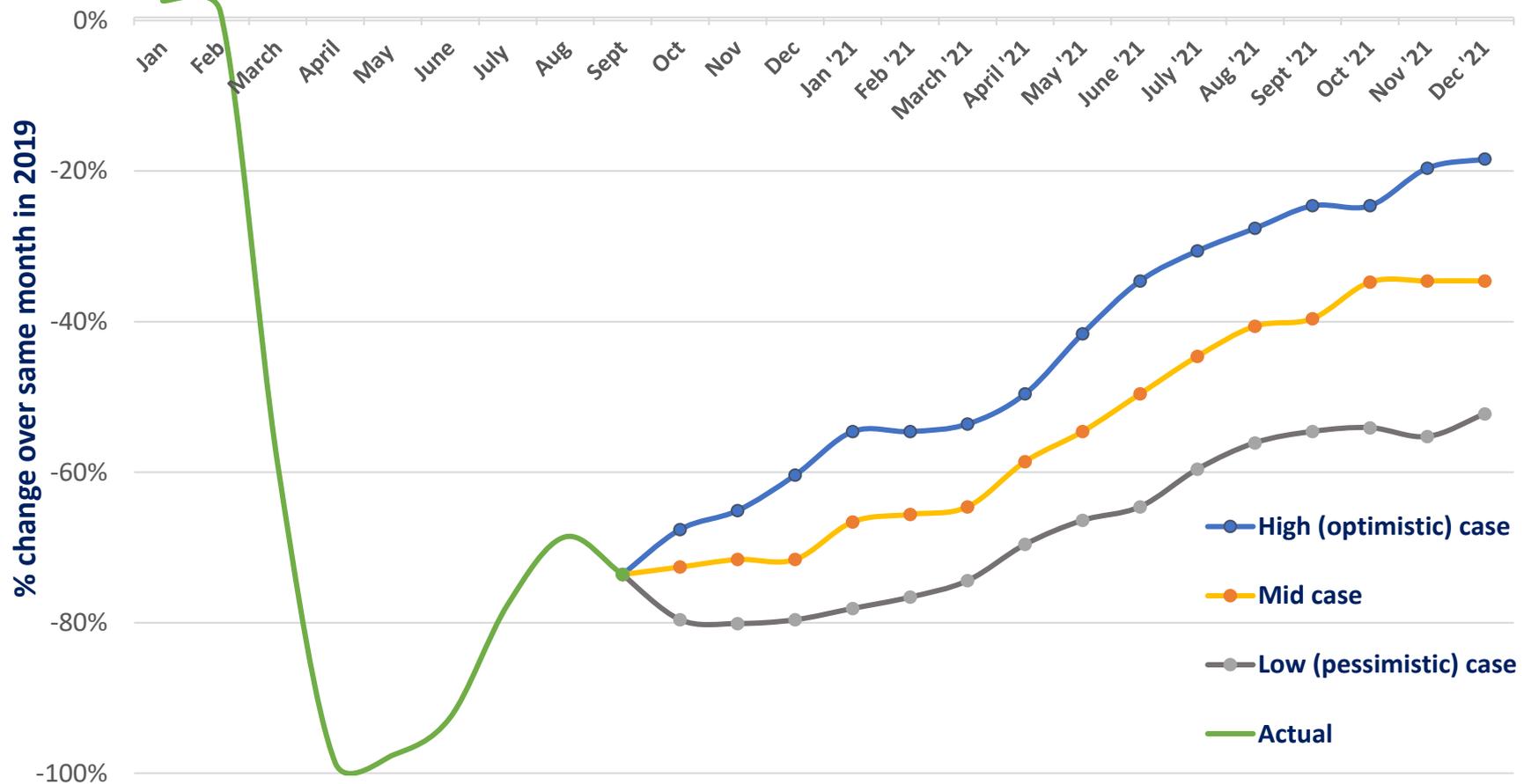
Q3: -73%

Q4*: -72%



Considerable traffic uncertainty over the next 12 months

European Airport Passenger Traffic Forecast (COVID-19 Recovery), % change compared to same month in 2019



Airport revenue has collapsed, forcing airports to increase debt loads

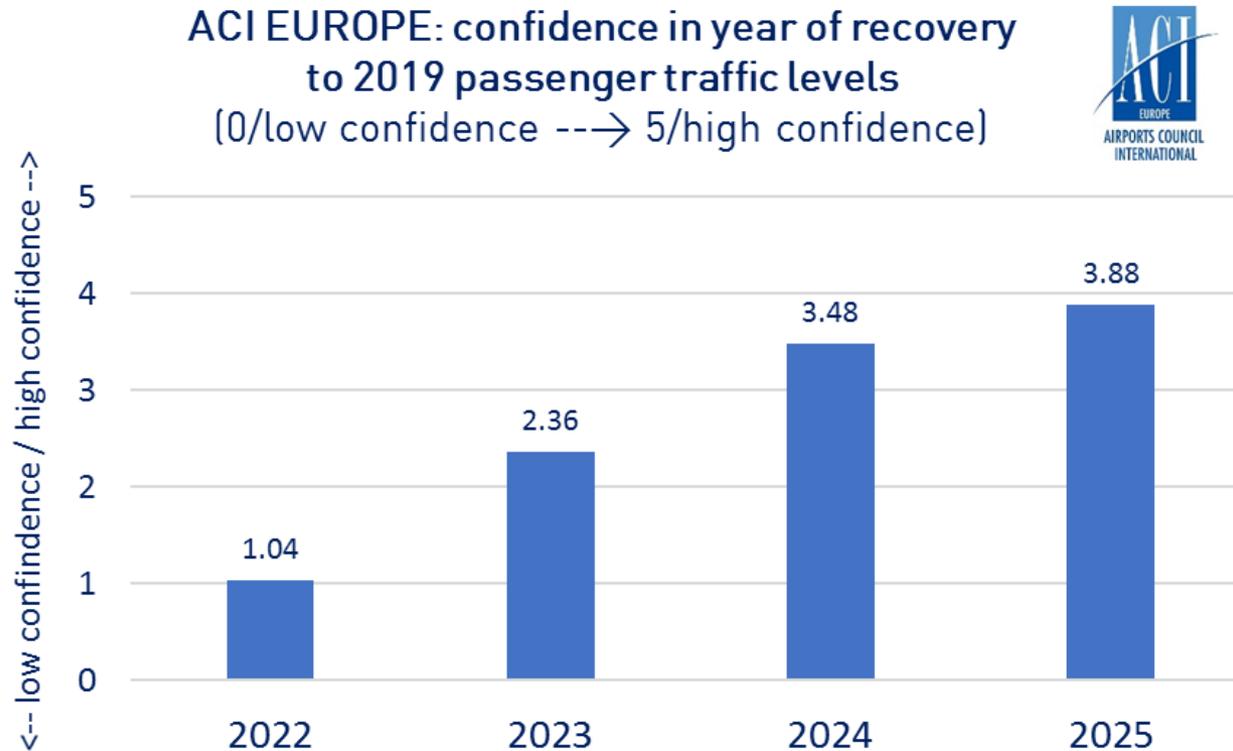
Lost Airport Passengers and Revenues (compared to 2019)

	First-half 2020		Full Year 2020 Projection			
			Base Case		Pessimistic Case	
	<i>Loss (billion)</i>	<i>% change vs. 2019</i>	<i>Loss (billion)</i>	<i>% change vs. 2019</i>	<i>Loss (billion)</i>	<i>% change vs. 2019</i>
Lost Airport Passengers (Billion Pax)	-0.74 pax	-64.4%	-1.69 pax	-69.0%	-1.74 pax	-70.8%
Lost Airport Revenues (Billion €)	-13.51 €	-60.4%	-30.90 €	-64.2%	-31.93 €	-66.4%

Nearly 80% of airport revenue is directly linked to traffic volumes, so revenues have collapsed along with traffic



Long-term view: full recovery to 2019 traffic volumes in Europe unlikely before 2024 or 2025



Notes: Airport traffic forecasters surveyed on anticipated year in which European airport network would recover same level of passenger traffic as 2019, with a confidence in the estimate from 0 to 5.

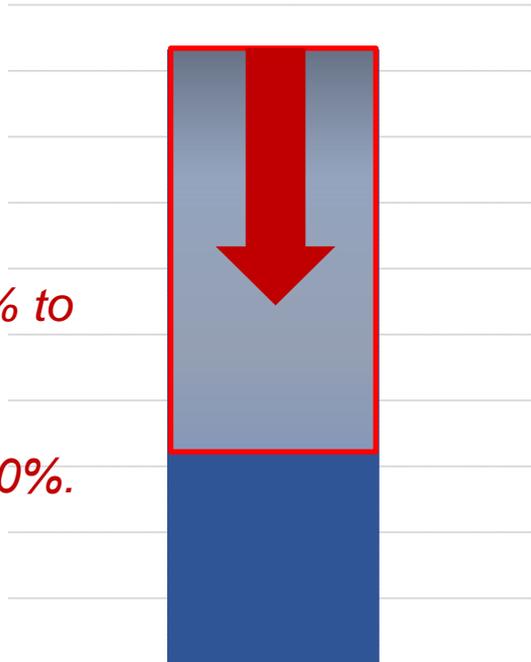


→ Airports' costs are rigidly fixed

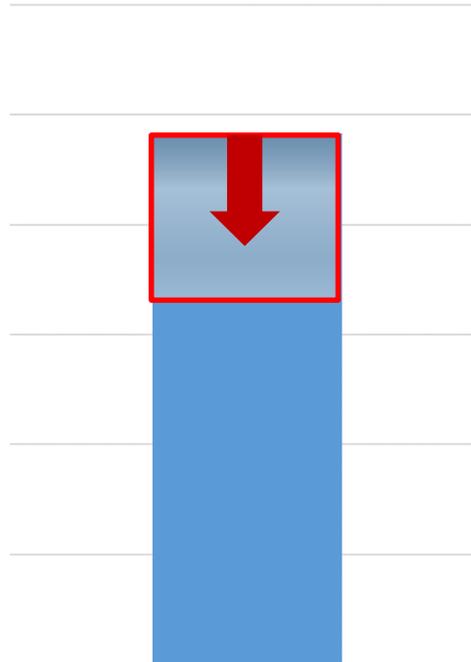
European Airport Revenues

European Airport Costs

Revenues
during H1
already -40% to
-60%
→ full year
-60% to -70%.



Costs during H1
-10% to -25%,
even with airports
relentlessly
reducing expenses
→ costs rigidly fixed



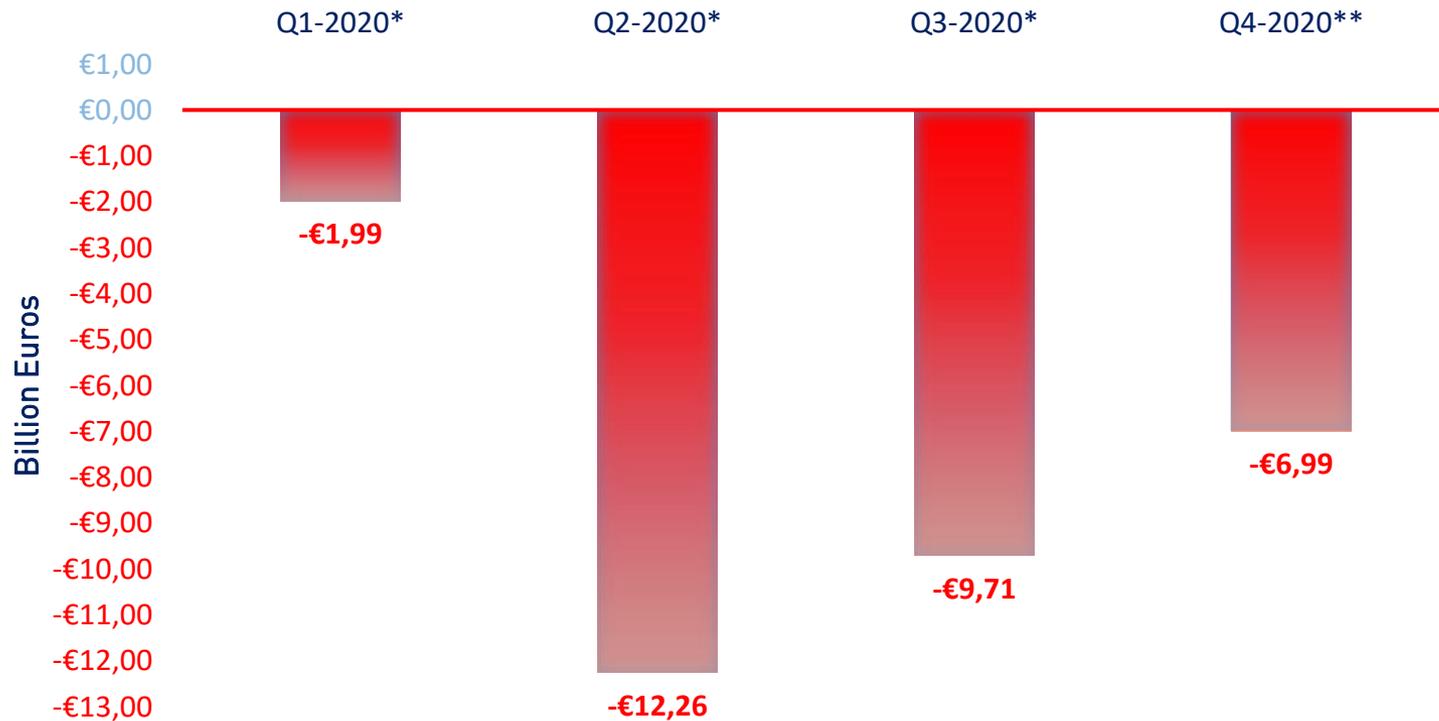
While airport revenues are volatile and can quickly fall, costs are structural – a large share of costs are expended just for an airport to remain operational



→ Cash flow management at critical stage

*Nearly every single airport in Europe this year will have **negative cash flow***

Loss in quarterly revenue compared to 2019 (billion €)



Notes: The estimate of financial losses for European airports compared to 2019 is based on information from published financial reports for the first six months of 2020. Areas of uncertainty include the impact of rebates or re-start incentive schemes on aeronautical revenues, and the amount impacted by waivers of minimum annual guarantees (MAGs) on non-aeronautical revenue not yet recognized.



Despite under-recovery on costs, airports are pricing low to compete for airlines

Examples...

VIE Scraps landing charges

OSL 100% reduction landing charges

MAD/BCN Discounts charges to aid recovery

TIA Introduces new incentives

AMS Reduces landing charges

ARN Introduces a “Welcome Back Package”

DBV Introduces new Airline Incentive Policy

LYS Introduces COVID-19 incentives

PMO Introduces Policy to support airlines

HAM Introduces Recovery Incentive Programme

CGN Coronavirus related incentives

GVA Covid-19 restart discount scheme

NUE Introduces lifeline incentives

BRU New charges rebate package

KEF Offering 100% discount on charges

VNO New traffic recovery incentive scheme

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Source: RDC Aviation <https://airportcharges.com/>



Annex 1

1.25 billion passengers lost so far vs. 2019

Europe	2020 Passengers (million)	2019 Passengers (million)	% change	Change in # (million)
Jan	158	155	2%	3.4
Feb	151	150	1%	1.4
Mar	73	179	-59%	- 107
Q1	382	484	-21%	- 102
Apr	2.8	201	-99%	- 198
May	4.3	217	-98%	- 213
June	17	240	-93%	- 223
Q2	24	657	-96%	- 633
H1	406	1,141	-64%	- 735
July	57	260	-78%	- 203
August	81	262	-69%	- 181
1-27 September	57	212	-73%	- 155
YTD (Jan-27 Sep)	601	1,874	-68%	- 1,273

Annex 2

Monthly pax traffic estimates to Dec 2021

Data table: European Airport Passenger Traffic Forecasts, % change compare to same month in 2019

Year	2020				2021												
Month	Oct	Nov	Dec	Q4	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	FY
Optimistic Case	-68%	-66%	-61%	-65%	-55%	-55%	-54%	-50%	-42%	-35%	-31%	-28%	-25%	-25%	-20%	-19%	-36%
Mid Case	-73%	-72%	-72%	-72%	-67%	-66%	-65%	-59%	-55%	-50%	-45%	-41%	-40%	-35%	-35%	-35%	-48%
Pessimistic Case	-80%	-81%	-80%	-80%	-79%	-77%	-75%	-70%	-67%	-65%	-60%	-57%	-55%	-55%	-56%	-53%	-63%

