AIRPORT CHARGES SURVEY 2016

ACI EUROPE FACT SHEET

CHANGE IN THE OVERALL LEVEL OF AIRPORT CHARGES AT EUROPEAN AIRPORTS IN 2016

In 2016 airport charges remained static (a real-term decrease of -0.16%). This followed equivalent declines in charges of -1.1% in 2015 & 2014 respectively.

2016 saw airport charges across Europe essentially remaining flat. This is consistent with developments in airport charges across the last 6 years, during which charges decreased slightly in all but 1 year.

This is also in line with ICAO data, which shows that airport charges have remained flat (and indeed decreased marginally) as a percentage of airline costs between 2005-2013.

In policy discussions, attention is often focused on significant increases in airport charges – however these are the exception rather than the rule. Overall, airports across Europe are at different points in their investment cycle, with some operating in more proportionate regulatory frameworks. This means that on average airport charges are generally flat in real terms.

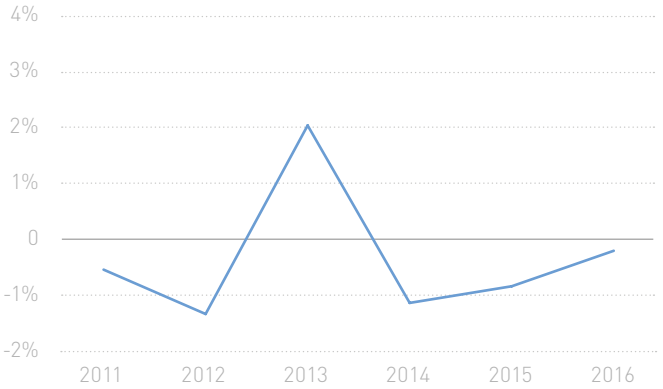
Where increases in airport charges occur, these are typically to fund large investment projects to expand capacity, to improve service quality and ultimately to boost air connectivity. In this context the greatest increases in airport charges are actually observed at airports which are subject to tight and/or elaborate forms of economic regulation.[1] At these airports historical investment has often been insufficient to maintain adequate capacity & sufficient levels of passenger service quality. As a result charges tend to 'spike' up and down – with a smoother & more constant profile at airports with more proportionate regulation.

These figures for headline charges do not account for discounts provided by airports to airlines via formal incentive schemes and bilateral commercial contracts.

Formal incentives schemes entail reduced charges if airlines deliver on certain objectives. Traditionally these objectives have been increases in overall or specific levels of passenger traffic. These schemes are typically displayed on an airport's website, with airlines automatically benefiting from applicable reductions.

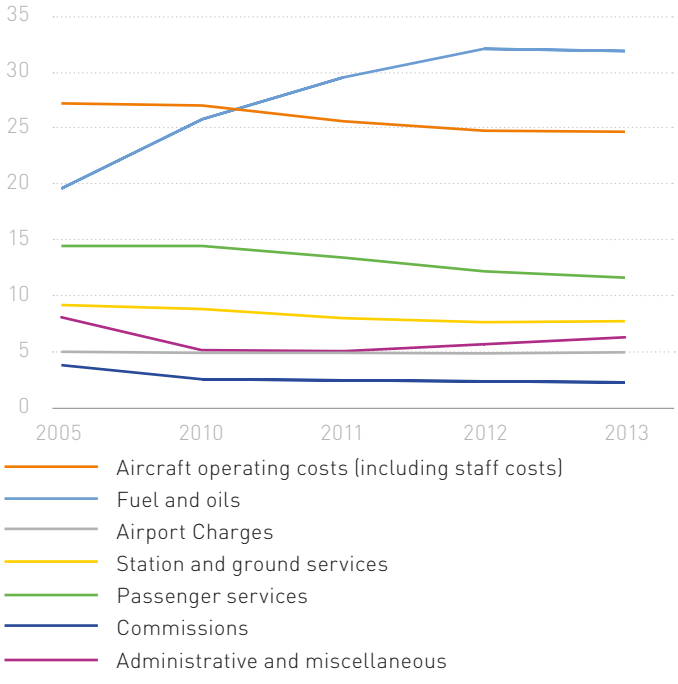
1 Section 3 of 'Leveraging Airport Investment to Drive the EU's Aviation Strategy', ACI EUROPE, Jue 2016 – available at: www.aci-europe.org/component/downloads/downloads/4698.html

Real change overall level of airport charges, 2010-2016



Bilateral commercial contracts entail reduced charges for individual airlines that commit in advance to delivering certain levels of passenger traffic. The airport may also commit to delivering on specific operational & service quality requirements. These contracts are commercially sensitive and are therefore confidential.

ICAO Data on Breakdown of European Airline Costs, 2005-2013



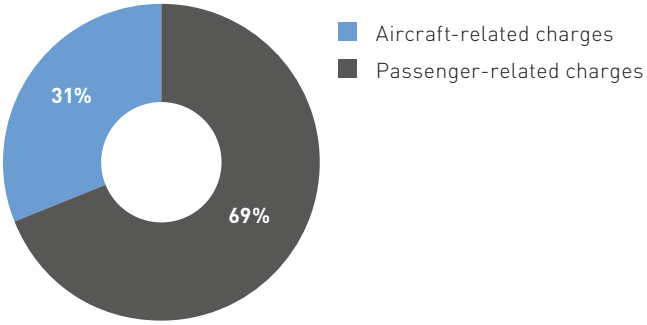
AIRLINE- AND PASSENGER RELATED CHARGES

Airport charges levied by European airports usually consist of two types of charges:

- **Airline-related charges** are paid by the airline for the use of the runway (landing charges), the parking of aircraft (parking charges) and other aircraft-related infrastructure at the airport. These charges are usually based on the weight of the aircraft and are not related to the number of passengers on board.
- **Passenger-related charges** are usually paid by the passenger to the airport, mainly for the use of the terminal. In order to simplify passenger processing at the airport, these charges are included in the ticket price and levied by the airline on behalf of the airport – as recommended by ICAO in its Policy Guidance document 9082.

In 2016 the ratio of passenger-related charges to aircraft-related charges remained in line with previous years. Passenger-related charges accounted for circa 2/3rds of airport charges, with aircraft-related charges accounting for the remaining 1/3rd.

Division of Airport Charges 2016



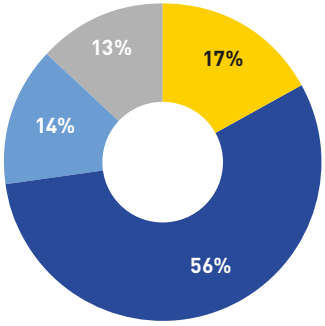
Airports increasingly face differing demands from airlines concerning the split of aircraft and passenger-related charges.

Some airlines prefer an increased weight on passenger-related charges, as in practice this equates to a higher degree of risk sharing between the airport and the airline, if the airline only succeeds in selling some of the seats on each aircraft.

Other airlines prefer an increased weight on aircraft-related charges. Such airlines are confident that they can sell all or the vast majority of seats on each aircraft. For such airlines the 'risk' is also a 'reward' as a higher weighting on aircraft-related charges will result in lower airport charges overall.

In such circumstances each airport must try to find the optimal balance within their structure of airport charges.

SECURITY CHARGES IN 2016



17% of European airports have increased security charges in 2016.

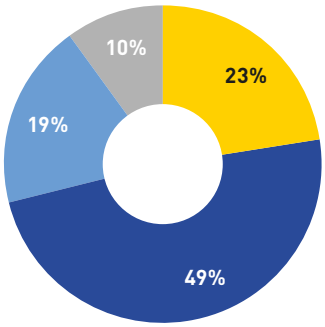
56% have kept security charges stable in 2016.

14% have decreased security charges in 2016.

13% have no separate security charge/information not available.

Security charges to recover the costs for aviation security measures can be levied either as a specific charge or as a component of passenger charges. In a few countries, charges are levied by national authorities, as they are responsible for the provision of this service.

PRM CHARGES IN 2016



23% of European airports have increased PRM charges in 2016

49% have kept PRM charges stable in 2016

19% have decreased PRM charges in 2016

10% have no separate PRM charge (i.e. included in airport charges/airport not in EU)

METHODOLOGICAL NOTE

The ACI EUROPE Airport Charges Survey 2016 includes data from 65 European airport operators, representing 84 airports. The reference period for the survey is the level of airport charges as of 1 April 2016, compared to the previous reporting period. Changes to airport charges implemented later than 1 April 2016 are not taken into account in this survey, to reflect the Summer and Winter IATA seasons, and in order to ensure the comparability with previous versions of the survey.

Annual inflation figures for individual countries are sourced from the World Bank and are weighted according to the number of passengers traveling through the sampled airports for each years.