

AIRPORT OPERATIONS NEWS

Airport Privatization & Management

TAV Airports, in partnership with its 38% shareholder Groupe ADP, and with Bouygues Bâtiment International, has entered into exclusive talks with the Cuban authorities concerning the development of José Martí International Airport (HAV) in Havana under a concession contract. The Havana International Airport development project comprises the renovation, extension and operation of the existing international terminals. These developments, when completed in 2020, will provide the airport with a handling capacity of more than 10 million passengers. The current traffic is close to 5 million passengers and the possible liberalisation of air traffic, especially with the US, carries rapid growth potential. The project also ultimately includes the development of the San Antonio de los Baños Airport, located to the west of Havana. #1031.OPS1

The Rome-based Atlantia Group is paying around EUR 1.2 billion for a 60% concession stake to operate the French Aéroports de la Côte d'Azur (ACA), including Nice, Cannes-Mandelieu and Saint Tropez in a joint venture (JV) with EDF Invest (Atlantia 75%/EDF 25%). The French Government ranked Atlantia/EDF as the best bidder in the sale tender process for the French state's 60% interest in the airports. In response, Atlantia CEO, Giovanni Castellucci, described the decision as "a thumbs-up" for the consortium's business plan. He said the partners also believe there is a good future for the business during the concession term through to 31 December 2044, thanks to "a projected expansion of this type of service offering", primarily aimed at high-spending passengers. Castellucci continued: "The transaction is a perfect fit with our strategy of growing our involvement in airports with a global reach. The potential for improved performance, resulting from our ability to bring to bear the industrial know-how acquired in recent years during the successful relaunch of Rome's Leonardo da Vinci Airport, makes this investment an attractive growth opportunity for the group." With total traffic of around 12 million in 2015, Nice is France's third biggest airport after the Paris airports of Charles de Gaulle (CDG) and Orly (ORY). Nice recorded a 5.1% increase in passengers between January and June 2016 and currently operates flights to 107 destinations from two runways. EBITDA in FY 2015 amounted to EUR 104 million. Retailers who will now report to the new owner will include Aelia Duty Free/LS Travel Retail and Dufry, plus other companies. #1031.OPS2

German airport operator, Fraport AG, has reached an agreement to sell a minority stake in Northern Capital Gateway, the consortium responsible for operating Pulkovo Airport in St Petersburg, Russia, to the Qatar Investment Authority (QIA). The deal will reduce Fraport's stake in the 30-year concession contract from 35.5% to 25%. Based on the current book value, Fraport expects profit from the transaction to range between EUR 30 million and EUR 40 million, with completion scheduled for late 2016. Decreasing its shareholding will not affect Fraport's role as an airport operator. It is expected that QIA will also be able to acquire shares from the other consortium partners for a total stake of 24.99% in Northern Capital Gateway's parent company, Thalita Trading. Dr Stefan Schulte, executive board chairman of Fraport, said: "Pulkovo Airport has developed well since the operating concession started. In selling part of our stake, we are realising value enhancement while maintaining our role in the consortium. Furthermore, this agreement with QIA will broaden the shareholder base of our consortium and strengthen Pulkovo Airport to meet the challenges and opportunities of the future. Despite the current difficulties in Russia, we continue to regard this as an attractive market." #1031.OPS3

On 8 August 2016, the Thai Department of Airports (DoA) has signed an agreement with PTT Plc to allow the energy company to manage passenger terminals and car parks of the department's 28 airports for commercial purposes. Udon Thani Airport (UTH) has been selected for development as a business model for other airports, said Chula Sukmanop, director general of DoA. The three-year agreement will help to streamline the airports' terminals and car park management in preparation for the Universal Security Programme (USAP) inspection by ICAO, Sukmanop said. Aside from improving the management of the passenger terminal for commercial purposes, the PTT will also develop the airports' car parks, increase security, and improve the efficiency of parking fee collection, he said. The car park at Udon Thani Airport will be enlarged to accommodate up to 500 cars after it is fully developed in the pilot phase.

As for the other airports under the department, Sukmanop said that a preliminary survey had found that at least 10 of them have the potential to undergo similar development. The 10 airports include Krabi airport in the south of Thailand while the others were in the northeast and the north, he said. Sukmanop added that the rental contract for commercial space in at least one of the airports supervised by the department was due to expire in 2017. Once it was renewed, the contract would last until 2019, at which time similar rental contracts at other airports were also due to expire, he said. That might be an ideal time to implement the streamlining of airport terminals and car park management at the airports, he added. #1031.OPS4

A consortium comprising airport operator Vinci Airports, French state-owned investment group Caisse des Dépôts, and bank insurer Crédit Agricole Assurances, is set to acquire 60% of the concession contract for Lyon–Saint-Exupéry Airport in France. The shares were acquired from state-owned operator Aéroports de Lyon (ADL), which held a 60% share in the concession contract for the airport. As the majority shareholder, the consortium will ensure development, investment and operation of the airport, which generated consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 53 million in FY 2015. As the operator, the consortium will strive to support and encourage growth of traffic and the development of the airport, while also guaranteeing the best possible quality of service for passengers. The concessions contract will run until 31 December 2047. #1031.OPS5

Ground Handling News

Russian oil producer Gazprom Neft's aviation fuel business operator, Gazpromneft-Aero, will increase its average monthly refuelling volumes in India by more than 40% to 1,200 t per month, between July 2016 and July 2017. The increase will be down to new long-term agreements with Russian airlines Aeroflot and Volga-Dnepr for 'into the wing' refuelling in India's major tourist and business centres, such as Hyderabad, Goa, Delhi, Mumbai, Chennai, Calicut, Trivandrum and Varanasi. Gazpromneft-Aero CEO, Vladimir Egorov, said: "The expansion of our geography and increase in refuelling volumes in India demonstrates the growing trust of our long-term partner and, consequently, the strengthening of Gazpromneft-Aero's position in the global aviation fuel supply market." Aviation refuelling in India is carried out under an aviation fuel supply agreement signed by Gazpromneft-Aero and Indian national fuel supplier Hindustan Petroleum. Egorov added: "We plan to develop our cooperation further with Hindustan Petroleum. It offers an attractive opportunity for Gazpromneft-Aero to expand its presence in the promising Indian market, which is the largest growing aviation market in the world with traffic growth of more than 20%." #1031.OPS6

Airport Commercial & Marketing News

Restaurateur HMSHost has reached an agreement to buy US-based airport retailer Stellar Partners in a move that will expand the group's offering to include convenience retailing.

Once finalised in late 2016, the agreement will make Stellar Partners a wholly-owned subsidiary of HMSHost, retaining its managerial autonomy under the direction of Susan Stackhouse, the current CEO, and Ramon Bosquez, its COO. Stellar Partners currently operates 38 points of sale in 10 US airports, including Tampa, Orlando, Philadelphia, Miami, San Diego and Washington Dulles International Airports, with estimated annual sales of USD 38 million. Stellar Partners was established approximately 30 years ago when Stackhouse bought the point of sale she was managing at Tampa International Airport, FL in Florida. The company manages various proprietary brands, including Stellar News and Stellar Books. #1031.OPS7

Airport Development Group (ADG), the operator of Darwin International Airport, NT, Australia, is set to officially open its new Catalina premium airport lounge on 1 September 2016.

The Catalina lounge will be independently operated by the airport and will be available to all passengers for a fee, regardless of their airline or class of travel. The walk-in entry fee will start from AUD 45 for singles, with family packages also available. Capable of accommodating up to 70 passengers, the facility features a kids' zone, an extensive menu curated for a diverse audience, and a VIP area for business travellers. The lounge will also be available to hire during off-peak hours.

The project took six months to create and features a design inspired by the unique history and culture of the Northern Territory, including intricate bark paintings from Arnhem Land artist Malaluba Gumana. In accordance with the lounge's name, the interior design also takes inspiration from the golden age of flying boats, particularly the era of the Catalina and Empire Class aircraft. #1031.OPS8

A ground breaking ceremony for a new ABIA Retail Centre at Austin-Bergstrom International Airport was held on 5 August 2016.

Construction on the 10,000-ft² retail and restaurant centre is expected to be completed in summer 2017. The development plans to include a playground, public restrooms, electric car recharge stations and additional parking for those waiting to pick up passengers. The Retail Centre will be located in close proximity to the airport's Barbara Jordan Terminal and adjacent to the Hyatt Place, currently under construction. The development is situated along the airport's main roadway, Presidential Boulevard. This access point will be highly visible and very convenient for airport users and nearby residents. The Retail Centre is a public/private development with the City of Austin Department of Aviation and is being developed and managed by ABIA Retail LLC on leased airport land. Austin Commercial will be the general contractor on the project. Financing is being provided by American Bank of Commerce. #1031.OPS9

SSP America has debuted a portfolio of multiple award-winning proprietary brands in Airsides 1 and 3 at Orlando International Airport (MCO), FL.

The four new food and beverage locations are inclusive of the seven-year USD 70 million contract awarded to SSP America in 2015. SSP America's latest openings include innovative proprietary brands with proven financial results operating in partner airports throughout North America including Vancouver International, San Diego International, New York JFK International, Houston's George Bush Intercontinental, and Toronto Pearson International Airports. "Providing our passengers with a variety of world-class food and beverage options only helps to enhance their overall Orlando Experience," said Phil Brown, Executive Director of the Greater Orlando Aviation Authority. "Post security dining is essential in today's modern airport environment and SSP America's selection of Urban Crave, Le Grand Comptoir and Camden food co. will help us meet this growing demand." #1031.OPS10

Oman Airports Management Company (OAMC) has signed contracts with Aer Rianta International (ARI) and BTA Catering for the duty free and food & beverage concessions respectively at the new Muscat International Airport (MCT). The airport company confirmed the agreements had been struck following a period of negotiation. The new airport is scheduled to open in 2017 with an eventual capacity for 36 million passengers. Both ARI (incumbent duty free concessionaire at the existing Muscat Airport) and BTA (owned by TAV Airports) will manage 10-year contracts. The new airport will feature 18,000 m² of commercial space. Under the duty free and luxury retail package, ARI will operate an area of 5,320 m² and provide the core category duty free products in addition to luxury fashion & accessories, watches, toys and gourmet foods & confectionery. BTA will manage 3,560 m² of dining space in the new facility. #1031.OPS11

Hotel operator the Arora Group has been granted planning permission to construct a new hotel at London Heathrow Airport with direct access to Terminal 2 (T2). The new hotel will have 298 bedrooms as well as a restaurant and bar, and will be one of the first developments in London Heathrow's proposed Central Terminal Area, should the project be given the go ahead by the UK government. Surinder Arora, founder and chairman of the Arora Group, said: "The people at the Arora Group are experts in this kind of development and we proudly bring another hotel to the Heathrow area with a direct connection to T2. Stephen Wilkinson, property director, London Heathrow Airport, said: "This hotel is a further step in Heathrow's strategy to provide the world's best airport facilities and services for our passengers. The new hotel will be directly linked to T2 and we are confident it will deliver an amazing experience for hotel guests travelling from Heathrow." #1031.OPS12

Airport Operations

Rome Ciampino Airport (CIA) in Italy will be temporarily closed from 14 October 2016 through to 29 October for runway maintenance and upgrades. According to CIA, maintenance work will be carried out on a 24/7 basis on parts of runway 15/33, at various junctions and taxiways. Throughout this period, flights will be transferred to Rome Fiumicino Airport (FCO). Hungarian low-cost carrier (LCC) Wizz Air and Irish LCC Ryanair, which normally operate from Ciampino, plan to operate from FCO Terminal 2 during this period. #1031.OPS13

Ben-Gurion International Airport's Terminal 1 (T1) will resume full operations in summer 2017. After the new Terminal 3 (T3) was opened in 2004, T1 has been used initially only for domestic flights and later for check-in, border control and security for international flights, but passengers then had to wait for a bus to transport them to T3, where they could board the aircraft. But in the summer of 2017, passengers will be able to board flights at T1 itself and even shop at duty free stores. The terminal will be able to perform its own luggage security checks, while its security area will be expanded and biometric passports checking will be introduced. Nine gates, an airport lounge and a food court will all also be opened at the terminal. The Israel Airport Authority (IAA) decided to reopen the terminal for flights following an increase in international low cost airlines making use of the terminal and their request to make travel more pleasant for their passengers. #1031.OPS14

Work continues to mitigate the challenges of wind shear at St Helena's new GBP 280 million airport. Weekly meetings of senior technical and planning staff are taking place in order to understand the issues, make decisions and ensure the public are properly informed in a timely manner, and push forward all areas of work. "In terms of the northern and southern approach (Runways 20 and 02 respectively) we now have more than five months of weather data, plus reports of the experience of each

of the nine flights that have so far operated various approaches into the airport," said a spokesman. "We are also installing more specialised equipment at the runway to monitor weather conditions and are employing computer and physical modelling to build a stronger picture of the conditions under which we will be asking aircraft to operate. All of this is building up a body of evidence." He said that intensive work was continuing to consider an interim aircraft solution into the southern approach (Runway 02). "A key issue here will be the level and frequency of tail wind speeds, given the constraints these can place on aircraft performance. We are gathering more data on both wind patterns and speeds to facilitate these considerations. Longer term solutions for using the northern approach (Runway 20) are receiving the same attention." Meanwhile, medevac flights and smaller aircraft continue to operate at St Helena Airport. #1031.OPS15

Malaysia Airlines Bhd (MAS) CEO, Peter Bellew, has reiterated his call for airport passenger service charges to be the same at the Kuala Lumpur International Airport and KLIA2, saying the current charges were "totally anti-competitive". He said the move was crucial for MAS to become profitable again as it needed a "competitive set of charges at our home base" that would protect workers' jobs and enable new jobs to be created in the future. "Charges for international passengers at KLIA are at MYR 33 (USD 8.25) more per person than they are at KLIA2," he said, adding: "This is totally unfair and completely anti-competitive." The differential in the rates between KLIA and KLIA2 reportedly costs well over MYR 100 million annually for MAS. Some 51 other carriers now operating out of the two terminals at Sepang are also looking forward to the same charges. MAS is not the only airline or association urging the Malaysia Aviation Commission (MAVCOM) for uniformity when rates are revised, probably, by year-end.

Both IATA and the Association of Asia Pacific Airlines (AAPA) have also written to MAVCOM and Malaysia Airports Holdings Bhd (MAHB) to protest about the difference in rates. AAPA, which is headquartered in Kuala Lumpur with international representation in Brussels and Washington, has 16 Asia Pacific airlines as its members. IATA had urged the Malaysian Government to find a solution that would be "revenue neutral to the airport operator", and that there should be no discrimination between users at KLIA and KLIA2. In urging airport passenger service charges to be the same at all terminals in Kuala Lumpur, Bellew said that if the charges were not changed by April 2017, MAS would be forced to operate some flights from KLIA2 at a discount of MYR 33 per passenger. The first routes would be new operations to North Asia and China where there would be few connecting passengers. #1031.OPS16

Financial & Traffic News

ACI EUROPE has released its airport traffic report for June, Q2, and H1 2016. During the first half of 2016, passenger traffic at Europe's airports grew by an average 4.9%. More specifically, passenger traffic in the EU during H1 grew by 6.2%. Growth dynamics varied between EU countries, with the core markets of France, Germany and Italy underperforming the EU average while Bulgaria, Cyprus, Denmark, Hungary, Ireland, Lithuania, Luxembourg, Malta, Portugal, Romania and Spain all achieved double-digit growth. However, the pace of growth diminished between Q1 and Q2, from 8.2% to 4.8%. This affected almost all EU markets, and especially Belgium in the wake of the Brussels terrorist attacks. A large part of that growth was concentrated on secondary hubs & large- to mid-sized airports, such as Berlin-Schönefeld (39.4%), Cologne-Bonn (19.8%), Bucharest (16.5%), Dublin (13.4%), Barcelona (12.7%), Birmingham (12.6%), Budapest (11.9%), and Copenhagen (10.9%). Meanwhile, among the top five EU airports, traffic growth at London Heathrow, Paris CDG and Frankfurt stalled, while Amsterdam-Schiphol (9.9%) and Madrid (8.6%) reported impressive increases. This generally reflects the fact that low-cost carriers remain the main drivers of traffic expansion for EU airports, as well as airport capacity constraints.

EU airports serving leisure destinations also fared very well, benefitting from demand shifting away from North Africa and Turkey. This was the case in particular of Bourgas (25.2%), Varna (24.3%), Larnaca (20.8%), Faro (18.6%), Santorini (17.9%), Ibiza (17%), Alicante (16.1%), Dubrovnik (15.2%), Malaga (14.6%), Funchal (14%), Chania (14.5%), Gran Canaria (14.2%), Palma de Mallorca (11.2%) and Malta (10.2%). Conversely, passenger traffic in the non-EU bloc was almost flat at 0.5%, dragged down by significant losses in Turkey and Russia. These losses materialised in Q2 2016, bringing down non-EU passenger traffic by 3.2%, and worsening in June to fall by 6.9%. Meanwhile, Iceland reported unprecedented growth, with Keflavik airport seeing passenger traffic increasing by 34.3%, followed by Macedonia, Moldova, Ukraine, and Israel. Freight traffic across the European airport network in H1 increased by just 2.1%. EU airports posted a 3.2% increase, with a significant jump in June (6.4%) while Non-EU airports posted a 3.9% decrease over the same period and a dramatic fall in June of 13.5%. #1031.OPS17

Passenger traffic at Dubai International Airport in the UAE reached a record 40.5 million travellers in H1 2016, a 5.8% increase compared with the corresponding period in 2015 when the airport welcomed 38.5 million travellers. Owing to the impact of Ramadan on travel patterns during an already traditionally slow month, traffic in June 2016 dipped by 1% to 5,857,503, compared with 5,914,671 recorded during June 2015. In the first half of the year, the top-five country destinations in terms of total passenger volumes were India (5,677,188), Saudi Arabia (3,213,868), the UK (2,850,437), Pakistan (2,134,012) and the USA (1,626,032). Aircraft movements in the first half totalled 207,439, up 3.8% compared with 199,820 recorded during the corresponding period last year. #1031.OPS18

Birmingham Airport in the UK has yet again welcomed more than a million passengers in a single month through its terminal. In total 1,221,212 people were recorded travelling through the airport in July 2016, up by 14% compared to the same month in 2015. This has meant that the airport is continuing its record-breaking run of month-on-month passenger growth, which now stands at 17 consecutive months. Long-haul saw very significant passenger growth rates, up by 32.8%, and short-haul grew by 12.1% year-on-year. Paul Kehoe, CEO at Birmingham Airport, said: "We are now in our peak summer travel season and it's great news that recent months have consistently been surpassing the million passengers in a month mark. A 14% growth rate year-on-year for July is very significant and equates to almost 150,000 more passengers being served here. August tends to be our busiest month so we expect to beat previous record days over the next few weeks as well as breaking the 11 million passenger mark in twelve months."

Scheduled traffic accounted for over 86.4% of the total passenger volume for July 2016 and saw a 26.1% growth rate compared to the same month last year. Charter traffic accounted for over 13.6% of the total. Middle Eastern, Caribbean and North American destinations saw the greatest increase in passengers compared to the same month last year. This was due to a larger number of airlines serving these regions from Birmingham Airport, giving more destination choices and flight frequencies. Scheduled destinations with significant year-on-year passenger growth were Madrid (313.3%), Heraklion (156.6%) and Palma de Mallorca (71.7%). Charter destinations with significant growth were Orlando (206.3%), Gerona (170.6%), Fuerteventura (96.6%) and Alicante (62%). #1031.OPS19

Queen Alia International Airport (QAIA) in Jordan received 3,424,461 passengers during H1 2016, registering a 5.4% increase compared with the same period last year. Aircraft movements (ACM) and cargo traffic figures also recorded discernible increases as of the end of June 2016, achieving overall year-to-date (YTD) surges of 5.7% and 6.6% respectively. For June, which

largely coincided with the month of Ramadan, Airport International Group (AIG) reported the airport's first decline in monthly passenger figures this year compared to 2015. The airport welcomed a total of 551,750 passengers in June 2016 compared to 593,006 passengers in June 2015, registering a year-on-year decrease of 7%. Following a consistent passage of traffic growth since the beginning of 2016, QAIA registered 6,008 ACM as opposed to 6,124 ACM in June 2015, effecting a 1.9% drop. QAIA also handled 8,727 tons of cargo set against 8,874 tons throughout June of last year for a fall of 1.7%. #1031.OPS20

Training

Allegiant Air in the US has broken ground on a USD 24 million facility adjacent to Orlando Sanford International Airport (SFB) where it will train pilots, mechanics and flight attendants based on the East Coast. The 43,000-ft² facility is expected to open during Q1 2017 and is the latest sign of the airline's rapid and continuing growth. Allegiant operates a similar training centre for West Coast crews in Las Vegas, NV, where the low-cost carrier is headquartered. The centre will operate a range of flight simulators, classrooms and aircraft interior mockups for both McDonnell Douglas MD-80 and Airbus aircraft. Allegiant officials said the facility will be able to train 150 pilots, 500 flight attendants and 100 mechanics annually. It will employ about 30 people. #1031.OPS21

Airways New Zealand and Aviation Australia are to open a purpose-built air traffic control training centre for international students in Brisbane, Australia. The joint venture (JV) is the first move under a new Memorandum of Understanding (MoU) between New Zealand's ANSP and Aviation Australia, a state-owned enterprise of the Queensland Government. The agreement will see Airways delivering ab-initio air traffic control (ATC) training at Aviation Australia's Brisbane training campus, according to Airways head of training, Sharon Cooke. "We have similar training partnerships in place in Dubai, Puerto Rico and China and it's pleasing to be adding Australia to that portfolio. Our track record in providing highly effective ATC training, combined with Aviation Australia's wider educational portfolio, means this partnership is well placed for success," said Cooke.

A full suite of ATC training technologies will be available at the centre. Airways will install Total Control radar and aerodrome simulators which provide students with highly realistic tower and surveillance experiences via three-dimensional high definition graphics. The centre's first intake, a group of 24 students from the General Authority of Civil Aviation of Saudi Arabia (GACA), have now arrived in Australia to begin their training. The students will spend their first year studying English before beginning their 12 months of ATC training. #1031.OPS22

Qatar Aeronautical College (QAC) has signed three agreements with the French Company Dassault, the Airports Council International (ACI), and the CES British Foundation aimed at enhancing QAC's role as a leading provider of training for the aviation industry. The agreement with Dassault will provide QAC students with training programmes to study English language and aircraft maintenance engineering. The partnership with ACI provides staff with a training programme in airport operations management, which would enable them to work efficiently at Qatar's Hamad International Airport. Some 14 sessions are to be held during the academic year 2016/2017, including courses in air traffic control operations, meteorology, communications, aviation crisis management, airport operations management, and the development of airport passenger services. The agreement with UK-based CES Foundation allows QAC to provide IELTS tests. This agreement will be implemented on 24 September 2016. #1031.OPS23

News & Discussions in our Momberger Airport Information **Forum on LinkedIn** -- over 1300 members