

Danube Region Transport Days 2018

*Overview of Air traffic development
in southern Central Europe*

Ljubljana, December 5th, 2018



- **How do we market Ljubljana Airport**
- The Danube region air connections with Ljubljana airport
- Discussion

Ljubljana Airport's Quick facts

- Strong hinterland and short distances to Austria, Italy and Croatia
- Connecting Balkan Region with Western and Central Europe
- 33 scheduled connections in 2018
- Home based carrier and 10 foreign scheduled airlines
- Modern infrastructure for aircraft (ability to land in poor visibility, CAT IIIb)
- Recognized MRO Centre for Airbus, Embraer and Bombardier – customers: Swiss, Wizz Air, easyJet, SAS, Iberia..
- The Company is owned by Fraport AG of Germany



Ljubljana Airport network

Direct destinations performed only by one carrier:

- Belgrade (Air Serbia)
- Berlin (easyJet)
- Helsinki (Finnair)
- Istanbul (Turkish Airlines)
- Copenhagen, Düsseldorf, Frankfurt, Manchester, Munich, Prague, Pristina, Sarajevo, Skopje, Sofia, Tirana, Vienna and Zurich (Adria Airways)
- Warsaw (LOT Polish)

Direct routes performed by at least two carriers:

- Amsterdam (Adria Airways, Transavia)
- Brussels (Adria Airways, Wizz Air)
- London (easyJet, Wizz Air)
- Moscow (Adria Airways, Aeroflot)
- Paris (Adria Airways, Air France)
- Podgorica (Adria Airways, Montenegro)
- Tel Aviv (Adria Airways, Israir Airlines in El Al Israel Airlines)

It is our strategic goal to offer as many as possible direct city pairs in Ljubljana airport's network no matter the business model of the airline (legacy or low-cost).

Passenger Terminal Extension

- Estimated to be put into operation by 2021
- Capacity increase from 500 to 1280 passengers/hour
- 22 check-in counters
- Additional area of 11.700 m²
- Five security lines



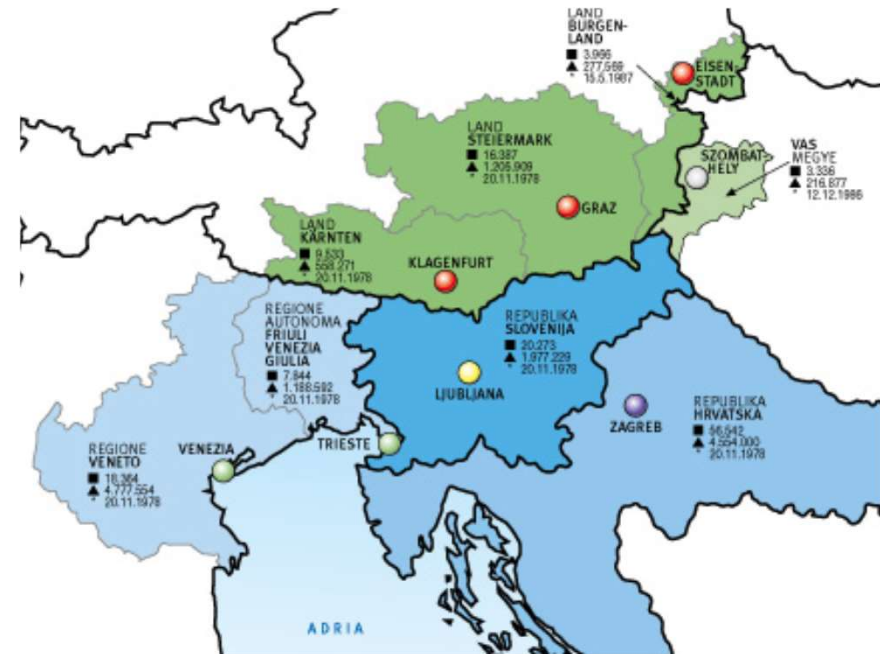
The Alps Adria Region and its Catchment Area

The Alps Adria region consists of:

- Slovenia
- South-eastern Austria
- North-eastern Italy
- North-western Croatia

Characteristics:

- Population: 4,5 million
- Region with one of the world famous touristic attractions
- Major cities: Ljubljana, Venice, Trieste, Graz, Salzburg, Zagreb, Pula
- One of the fastest developing economic regions in Europe
- Main industries: Tourism, automotive, chemical, furniture, pharmaceutical, electronics



Competitive advantages over airports in the region

- Location - strategic position at the crossroads of fifth and tenth European transport corridors.



- Strong hinterland with passengers from Southern Austria & North-eastern Italy within one hour drive from LJU airport. Greater purchasing power and consequently higher yields

Descending rank (world wide)	EU Country	GDP per capita in 2017
15	Austria	\$47,290
27	Italy	\$31,984
38	Slovenia	\$23,654
60	Croatia	\$13,138

- Congestion free - no slot restrictions
- Short ground times
- Local hub, closeness to local attractions, traffic mix
- Competitive Airport and Ground Handling charges and incentives

Slovenian Tourism In Numbers in 2017*



2017: STRONG GROWTH OF SLOVENIAN TOURISM

4,7 MIO ARRIVALS

ARRIVALS TOTAL **+13,4 %**

3,4 MIO

FOREIGN **+16,7 %**

1,3 MIO

DOMESTIC **+5,6 %**

2,4 MRD EUR

TOURISM EXPORT **+9 %**

12,0 MIO OVERNIGHT STAYS

OVERNIGHT STAYS TOTAL **+11,3 %**

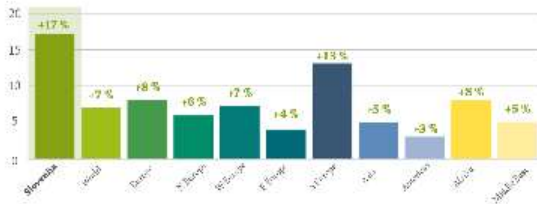
8,1 MIO

FOREIGN **+15,0 %**

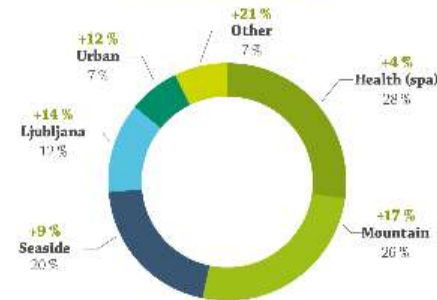
3,9 MIO

DOMESTIC **+4,3 %**

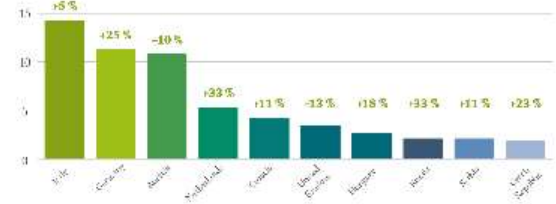
INTERNATIONAL ARRIVALS - GROWTH COMPARISON



SHARE AND GROWTH OF OVERNIGHT STAYS - TYPE OF MUNICIPALITIES



MARKETS RANGED BY SHARE OF OVERNIGHT STAYS IN SLOVENIA: GROWTH RATES



Source: SORS, BS; UNWTO. Growth rates, same period last year, arrivals and overnight stays, I-XII 2017/2016, tourism export, I-XII 2017/2016, international arrivals comparison, I-X 2017/2016.



*Source: Statistical office of the Republic of Slovenia, Bank of Slovenia, 2016

Route support

Incentive Scheme for the Airport and Handling Charges New Destination Incentive

Service / Incentive period	First year	Second year	Third year
Landing (fixed and variable)	Discount 90 %	Discount 60 %	Discount 30 %
Centralized infrastructure (all)	Discount 90 %	Discount 60 %	Discount 30 %
Passenger service charge	Discount 50 %	Discount 30 %	Discount 10 %

- Destination has not been served nonstop on a scheduled basis in the last two flight schedule periods before application for the incentive.
- Incentive period is 36 calendar months during which in each flight schedule period at least 80% of the calculated scheduled frequencies must be actually operated.
- If more airlines intend to open the same new destination, the airline that starts operation within three months is eligible for the incentive.
- Applies to opening scheduled services to new destinations on the basis of a city pair.
- Minimum two weekly scheduled services

Ljubljana Airport traffic figures in the region

- 1,7 million passengers
 - 20 % passenger growth
 - 24.300 tones of cargo
- the all-time record
 - the highest passenger growth in the region
 - 23 % growth

	2016	2017	Index
Ljubljana	1.404.831	1.683.045	120
Zagreb	2.766.087	3.090.307	112
Klagenfurt	193.709	216.905	112
Venice	9.611.884	10.357.339	108
Trieste	725.082	777.981	107
Graz	981.884	959.098	98

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The Danube region air connections with Ljubljana airport



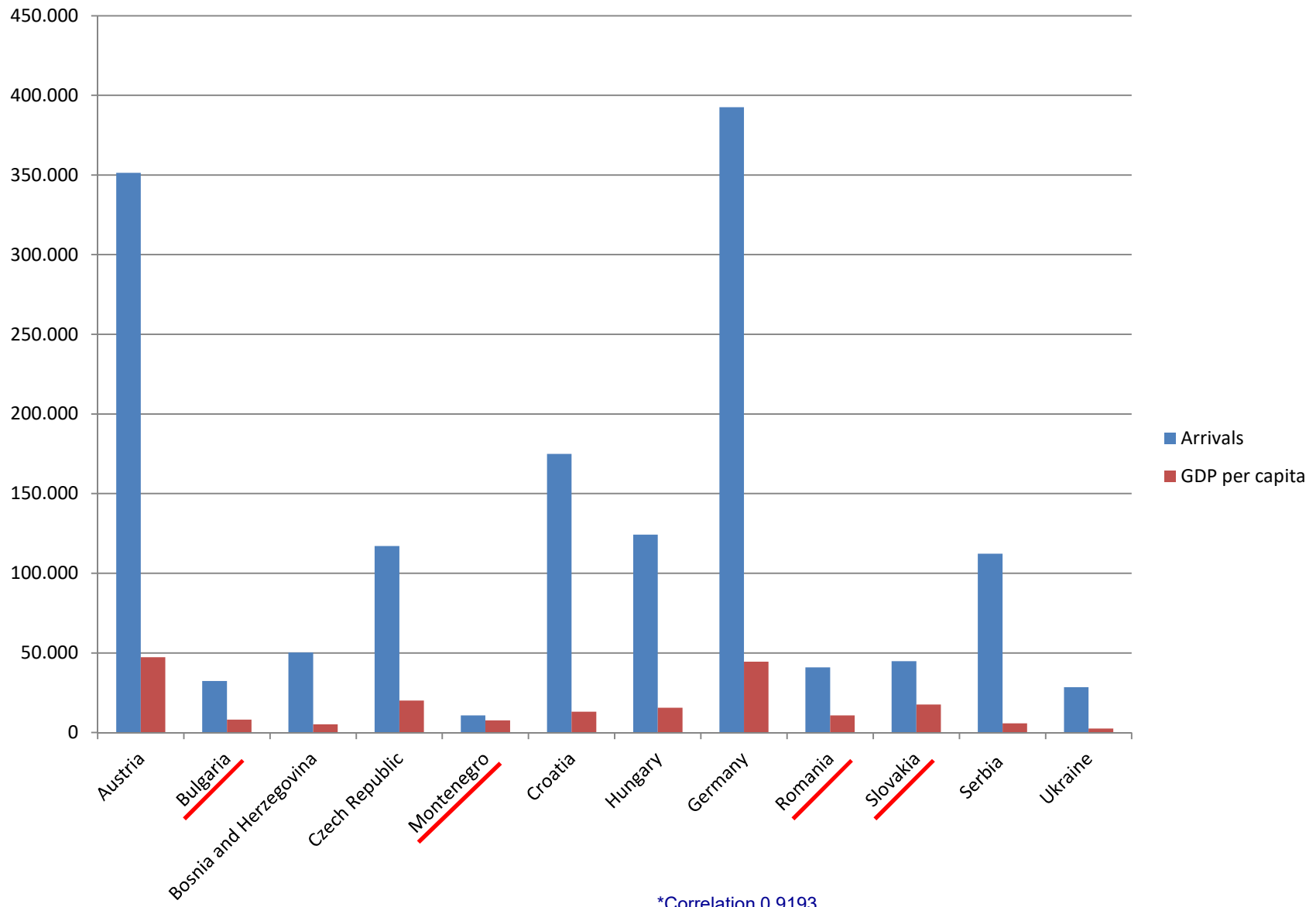
Tourist arrivals and overnight stays by countries from Danube region to Slovenia, 2017 - annual data*

	Tourist arrivals			Overnight stays			GDP/capita \$
	2017	share	<u>2017</u>	2017	share	<u>2017</u>	
			2016			2016	
			index			index	
Total	1.480.235		118	3.703.470		117	
<i>from Austria</i>	351.435	23,74%	112,94	925.353	24,99%	110,91	47.290
<i>from Bulgaria</i>	32.327	2,18%	93,10	50.382	1,36%	95,96	8.064
<i>from Bosnia and Herzegovina</i>	50.342	3,40%	116,54	115.392	3,12%	121,01	5.149
<i>from Czech Republic</i>	117.132	7,91%	127,88	289.424	7,81%	125,64	20.152
<i>from Montenegro</i>	10.818	0,73%	109,51	23.964	0,65%	106,78	7.647
<i>from Croatia</i>	175.006	11,82%	114,40	392.801	10,61%	111,58	13.138
<i>from Hungary</i>	124.255	8,39%	122,81	316.811	8,55%	121,22	15.581
<i>from Germany</i>	392.562	26,52%	127,70	1.037.225	28,01%	126,39	44.550
<i>from Romania</i>	40.869	2,76%	112,65	86.831	2,34%	117,65	10.757
<i>from Slovakia</i>	44.753	3,02%	124,25	105.775	2,86%	119,27	17.664
<i>from Serbia</i>	112.251	7,58%	109,14	277.644	7,50%	111,46	5.879
<i>from Ukraine</i>	28.485	1,92%	105,39	81.868	2,21%	109,79	2.583

1) Data including tourist accommodations with at least 10 permanent bedplaces.

*Source: Slovene Tourist Board, 2018

2017 Tourist arrivals vs GDP per capita (USD) comparison*



*Correlation 0,9193

Summary

- Airports are more than ever trying to persuade airlines to include them in their networks in order to develop.
- Airlines have many options to fly and eventually decide for those airports/routes that would bring them the highest profit.
- As far as Ljubljana airport is concerned is the network towards Danube region quite well developed.
- Nevertheless it does not reflect the actual demand of »point to point« passengers due to transfer traffic between NW and SE of Europe on the same routes.
- Tourism should be more active in order to make those routes sustainable.
- We have the routes to Danube region but are not stimulating enough travels.
- According to our analyses is number of tourist to GDP per capita ratio underperforming in tourist flows from Montenegro and Bulgaria to Slovenia. That may lead airlines to cancel these routes if number of passengers does not increase. We have faced that scenario on Bucharest route already,.

Welcome to Ljubljana! *Any Questions?*

Janez Krašnja, M.Sc.
Head Of Airline Management
T: +386 4 2061 400 | M: +386 41 733 250
E: janez.krasnja@fraport-slovenija.si