

MARKETING POLICY FOR THE DEVELOPMENT OF TRAFFIC AT NAPLES AIRPORT

Routes activated
IATA summer season 2017/winter season 2017-18



AEROPORTO INTERNAZIONALE di NAPOLI



In recent years the European air transport sector has been subject to some uncertainty, due to a variety of mutually connected factors, such as the unstable international scenario, which impacts on the future development of traffic demand, and the competition of high-speed rail travel. Furthermore, intensive competitive pressure is exercised by other airports in Europe and Italy.

A research demonstrates that a relevant number of passengers living in NAP catchment area fly from competitor airports. Half of them fly to destinations served from NAP, attracted by higher number of weekly frequencies and therefore lower fares.

Given this outlook, Naples Airport must necessarily take whatever initiatives it can to develop air connections to and from Naples, to ensure that its infrastructure is used in the most efficient way possible, in order to provide the surrounding territory with a wider range of opportunities and increasingly satisfying service while facilitating the development of new business activities able to contribute to the development of tourism and economic growth of the Campania Region.

The improvement sought could take the form of direct intercontinental routes, flights to the major European hubs that serve all destinations worldwide, an increasing number of short to medium-range destinations in Europe and the Mediterranean, plus remedies for the highly seasonal nature of traffic at Naples Airport and an increased offer on European high traffic demand point-to-point routes, as well as agreements with carriers willing





to provide a solid multi-year growth in NAP, in order to counterbalance the strong competition of other airports.

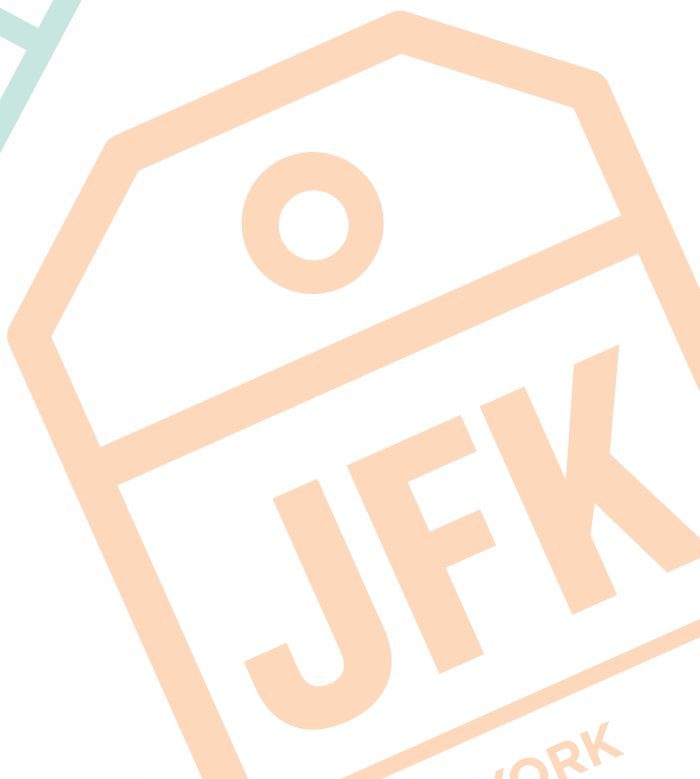
To this end, in compliance with the New Guidelines published on the 2nd of October 2014 by the Italian Ministry of Transportation, Naples Airport has decided to offer incentives for the development of traffic to air carriers that decide to invest in NAP by introducing new regularly scheduled routes and/or significantly increasing existing ones.

The purpose of the present policy, therefore, is to make known, in transparent fashion, the guidelines under which agreements shall be reached with the airlines, with the goal of making a significant contribution to the growth of Naples Airport.



OBJECTIVES OF THE POLICY

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-  Increase the level of intercontinental connectivity of Naples Airport, both through direct flights and by improving the services of the hub carriers to and from their own hubs;
 -  Increasing the range of point-to-point connections, meaning the number of European routes served;
 -  Render traffic at Naples Airport less seasonal;
 -  Increase capacity on European point-to-point routes already served with high traffic demand.
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The policy regards implementation of the following 7 categories of connections starting from the IATA summer season 2017 or by the end of the IATA winter season of 2017-18:

- New intercontinental routes;
- New routes towards the hubs (to be operated by carriers that have a hub at a connected airport or interlining agreements that would allow passengers to benefit from connecting flights);
- New “strategic” European/Mediterranean routes of greatest interest to Naples Airport, based on its evaluations of potential demand for traffic;
- New European/Mediterranean routes “of interest” to Naples Airport;
- De-seasonalisation – increased traffic during the period October-May on existing routes by carriers already operating flights;
- Additional services to point-to-point routes already served, but with further potential to grow;
- Multiple Route programs based on growth of passenger volumes.

The list of the destinations falling under each of the first 4 categories indicated is found in Appendix A.



THREE-YEAR INCENTIVE PLAN

Passenger incentives

A three-year incentive plan is to be drawn up for each category of incentives shown on the table regarding paying passengers departing from Naples.

Cat.	TYPE OF ROUTE	RANGE	OBJECTIVE	PERCENTAGE INCENTIVE ON THE AEROCHARGE FEE *		
				YEAR 1	YEAR 2	YEAR 3
Cat.1	New	Intercontinental		50%	40%	30%
Cat.2	New	Hub		40%	35%	30%
Cat.3	New	Europe/Mediterranean	"Strategic" routes	35%	30%	25%
Cat.4	New	Europe/Mediterranean	Routes "of interest"	30%	25%	20%
Cat.5	Existing	All	De-seasonalisation (additional passengers Oct-May)	40%	30%	20%
Cat.6	Existing	All	Passengers volumes/ served routes	30%	25%	20%
Cat.7	Multi-route programmes based on volume growth		<ul style="list-style-type: none"> • Continuous and considerable yearly growth; • New Routes and/or capacity increase on routes already served by the carrier; other Routes to be evaluated by GESAC; • Predominantly year-round/off-peak operations. 	Level of incentives depending on how the business cases meet NAP network development objectives.		

*The Aerocharge fee includes the following items: a)- aircraft landing and take-off charges; b)-aircraft layover charges; c)- passenger boarding charges; d)- passenger security fees; e)- hold luggage security fees; f)- PRM (passengers with reduced mobility) fee.

The "Aerocharge fee" does not, therefore, include the following items (listed here only as possible examples): i)- regional and municipal supplements; ii)- accessory security services or of any other type not contemplated in the preceding paragraph.

The minimum required conditions are:

- Category 1

New intercontinental routes: 2 flights a week for a minimum of 12 consecutive weeks;

- Category 2

New Hub services: minimum 200 movements per year;

- Category 3 and 4

New point-to-point routes, “strategic” or “of interest”: 2 flights a week for a minimum of 12 consecutive weeks;

- Category 5

De-seasonalisation: increased traffic during the period October-May on existing routes by the carriers already operating flights. Compared to the 12 months preceding the start of the agreement, capacity increase must be at least between 20% and 30% and total traffic throughput of the air carrier to/from NAP must be at least on the same level;

- Category 6

Additional services from NAP to point-to-point routes already served with high traffic demand, provided that these routes show potential to further grow according to Gesac analysis. Subject to Gesac approval.

1) In case of airlines already operating to/from Naples:

- two flights a week;
- year-round service.

2) In case of new airlines currently not operating to/from Naples:

- multi-route programme, thereof the majority in terms of offered capacity must be operated on new routes not served from Naples;
- two flights a week;
- year-round service.

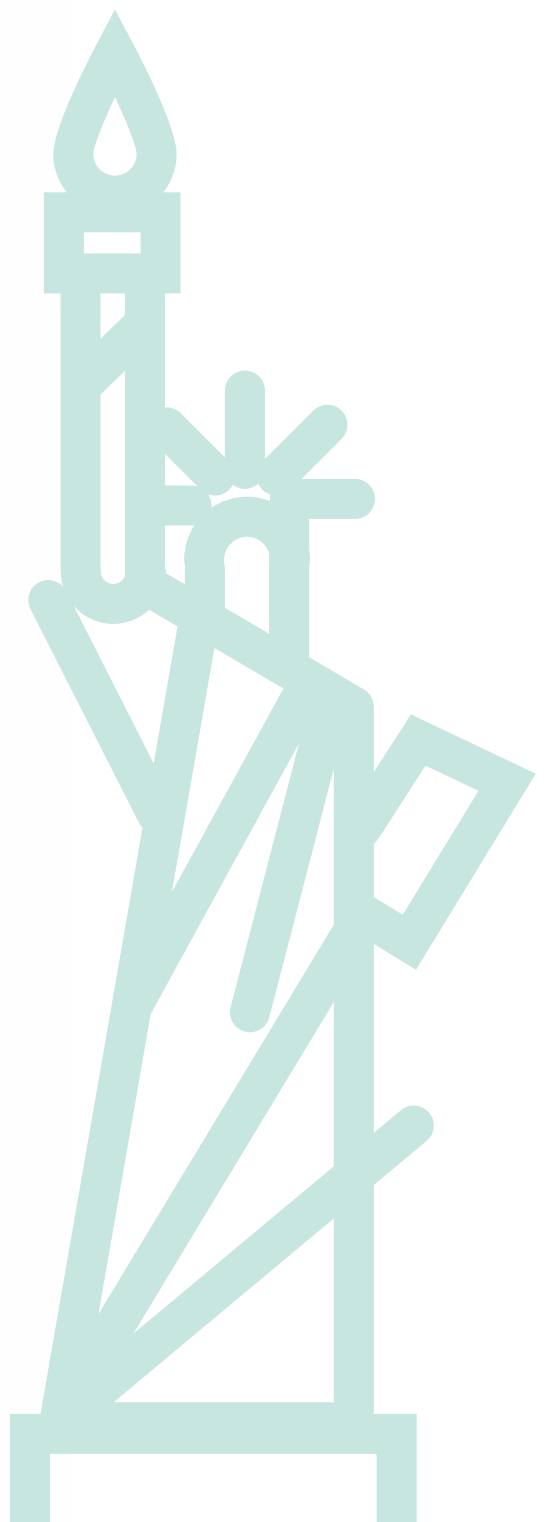
- Category 7

- continuous and considerable yearly capacity and passengers growth for a minimum of three years;

- new routes or capacity increase on routes already served by the carrier; further routes to be evaluated by GESAC;

- predominantly year-round/off-peak operations.

The incentive will be offered on an “ad hoc” basis and will depend on how the business case meets NAP network development objectives.



BONUS

Additional bonuses and/or longer duration contracts can also be offered when certain thresholds of traffic are exceeded, or in case of programs showing strong de-seasonalisation.

The negotiations may also address soft-marketing supports, including initiatives in the local territory (such as advertising campaigns, press conferences, roll-out events etc.), in cases where the offer proves to be of particular interest.

The Development Plans must indicate the proposed new routes and/or the increases in existing routes, listing:

- the start-up dates
- the period of operation
- the weekly frequency
- the type of aircraft

GESAC must receive the Plans by the **15th of October 2016** at the e-mail address aviation_business@gesac.it.

GESAC reserves the right to consider any additional proposals that arrive past the dates indicated above.

GESAC shall assess and select the Plans presented by the airlines on the basis of the overall added value generated for the airport.



Any agreements concerning Development Plans presented within the deadlines indicated above and selected by GESAC shall be formalised under dedicated contracts agreements that shall be kept confidential and shall not have a cumulative effect with any previous agreement between the carrier and GESAC.

Should more than one carrier present proposals for the same route, then the decision on which carrier is to benefit from the incentives shall be made considering the size of the operation, the No. of routes, the total additional seat capacity and the potential market stimulation, according to Gesac analysis and evaluation.

The agreements signed by the carriers and GESAC shall only be valid if the planned flights are offered for sale at least 60 days prior to the planned start of the initiative.

The selected carriers will benefit of the offered incentives provided that they will prove to be compliant to the anti-mafia as well as fiscal legislation, as required in their home base countries.

The list of destinations to be incentivized will be updated, enlarged or narrowed, following any discontinuity of routes previously served or the start-up of new routes.

In case of questions please contact the Business Aviation Development department at the e-mail address aviation_business@gesac.it



LIST OF NEW DESTINATIONS TO BE ADDRESSED BY INCENTIVES

1) Intercontinental

All intercontinental, excluding New York City (which is currently served) and excluding destinations in the Mediterranean Area included in points 3 and 4;

2) Hubs

Flights to hubs meant for connecting traffic (minimum of 200 movements per year).

Hubs in Europe or the Mediterranean Basin not served with connecting operations: (listed here only as possible examples) Lisbon, London Heathrow, Prague, etc.;

3) Point-to-point connections on “strategic” European/Mediterranean routes :

Kiev, Marrakech, Oslo, St. Petersburg.

4) European/Mediterranean point-to-point connections “of interest” (destinations excluded because already covered under point 3 are **in bold**)

ALBANIA: all destinations;

ALGERIA: all destinations;

ARMENIA: all destinations;

AUSTRIA: all destinations excluding Vienna;

AZERBAIJAN: all destinations;

BELARUS: all destinations;

BELGIUM: all destinations excluding Brussels (all airports);

BOSNIA HERZEGOVINA: all destinations excluding Mostar;

BULGARIA: all destinations excluding Sofia;

CROATIA: all destinations excluding Dubrovnik, Split;

CYPRUS: all destinations;

CZECH REPUBLIC: all destinations excluding Prague;

DENMARK: all destinations excluding Copenhagen;

EGYPT: all destinations;

ESTONIA: all destinations;

FINLAND: all destinations excluding Helsinki;

FRANCE: all destinations excluding Bordeaux, Carcassonne, Lille, Lyon, Nantes, Nice, Paris, Pau, Toulouse.

GEORGIA: all destinations;

GERMANY: all destinations; excluding Hamburg, Berlin, Bremen, Köln, Dusseldorf, Frankfurt, Friedrichshafen, Hannover, Karlsruhe-Baden Baden, Lubeck, Memmingen, Munich, Munster, Nurnberg, Stuttgart.

GREAT BRITAIN: all destinations excluding Birmingham, Bristol, East Midlands, Edinburgh, Glasgow (all airports), Leeds Bradford, Liverpool, London (all airports), Manchester;

LIST OF NEW DESTINATIONS TO BE ADDRESSED BY INCENTIVES

- GREECE:** all destinations excluding Athens, Chania, Corfù, Heraklion, Mykonos, Santorini, Skiathos;
- HUNGARY:** all destinations excluding Budapest;
- ICELAND:** all destinations;
- IRELAND:** all destinations excluding Dublin;
- ISRAEL:** all destinations excluding Tel Aviv;
- ITALY:** all destinations excluding Bari, Brindisi, Bergamo, Cagliari, Catania, Comiso, Genoa, Milan (all airports), Olbia, Palermo, Rome, Turin, Trapani, Treviso, Trieste, Venice, Verona;
- JORDAN:** all destinations;
- LATVIA:** all destinations;
- LEBANON:** all destinations;
- LITHUANIA:** all destinations excluding Kaunas and Vilnius;
- MOLDAVIA:** all destinations;
- MONTENEGRO:** all destinations;
- MOROCCO:** all destinations excluding Casablanca and **Marrakech**;
- THE NETHERLANDS:** all destinations excluding Amsterdam, Eindhoven, Maastricht, Rotterdam;
- NORWAY:** all destinations excluding **Oslo**;
- POLAND:** all destinations excluding Gdansk, Katowice, Krakow, Warsaw, Wroclaw;
- PORTUGAL:** all destinations excluding Lisbon and Oporto;
- ROMANIA:** all destinations excluding Bucharest and Timisoara;
- RUSSIA:** all destinations excluding Moscow and **St. Petersburg**;
- SERBIA:** all destinations;
- SLOVAKIA:** all destinations;
- SLOVENIA:** all destinations;
- SPAIN:** all destinations excluding Barcelona (all airports), Ibiza, Madrid, Malaga, Menorca, Palma di Majorca, Seville, Valencia;
- SWEDEN:** all destinations excluding Stockholm;
- SWITZERLAND:** all destinations excluding Basel, Geneva, Zurich;
- SYRIA:** all destinations;
- TUNISIA:** all destinations excluding Tunis;
- TURKEY:** all destinations excluding Istanbul;
- UKRAINE:** all destinations excluding **Kiev**.



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