

MARKETING POLICY FOR THE DEVELOPMENT OF TRAFFIC AT THE NAPLES AIRPORT

Routes activated IATA
summer season 2016 // winter season 2016•17



AEROPORTO INTERNAZIONALE di NAPOLI



In recent years the Italian air transport sector has been subject to a downward trend, due to a variety of mutually connected factors, such as the nationwide economic crisis, the difficulties faced by Italian carriers and the newly arrived competition of high-speed rail travel. Furthermore, intensive competitive pressure is exercised by other airports in Europe and Italy. The 2014 was a successful year in terms of passenger growth but we need to consolidate the positive trend.

A recent 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 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 the Naples Airport and, last but not least, an increased offer on European high traffic demand point-to-point routes 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 the 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 air-travel companies, with the goal of making a significant contribution to the growth of the Naples Airport.



OBJECTIVES OF THE POLICY

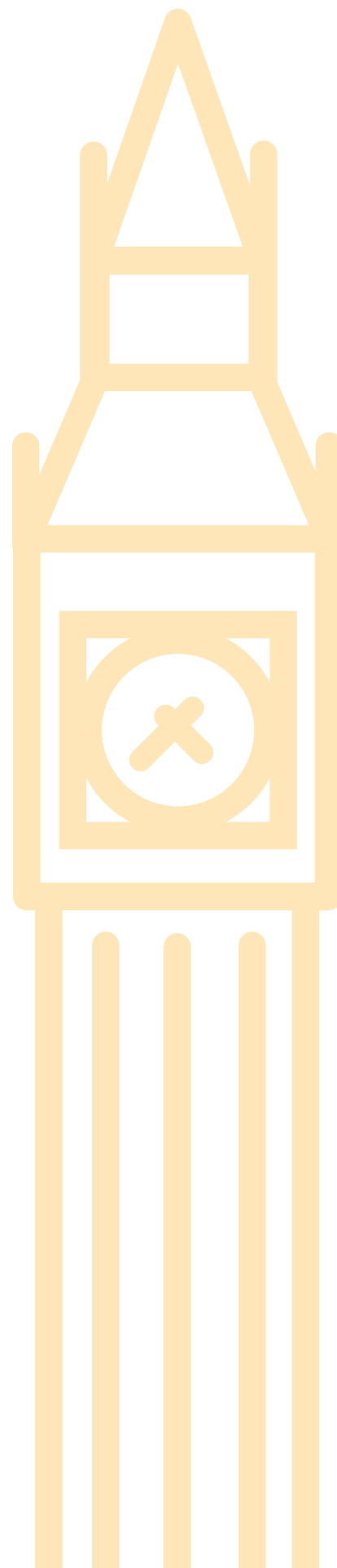
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- Increase the level of intercontinental connectivity of the Naples Airport, both through direct flights and by improving the services of the hub carriers to and from their own hubs;
 - Increasing point-to-point connections, meaning the number of European routes served;
 - Render traffic at the Naples Airport less seasonal;
 - Increase offer on European point-to-point routes already served with high traffic demand.
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The policy regards implementation of the following 6 categories of connections starting from the IATA summer season 2016 or by the end of the IATA winter season of 2016-17:

- 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 the Airport of Naples, based on its evaluations of potential demand for traffic;
- New European/Mediterranean routes “of interest” to the Naples Airport;
- De-seasonalisation – increased traffic during the period October-May on existing routes by the carriers already operating flights;
- Additional services to point-to-point routes already served with potential to grow.

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.

	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%

* 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 thresholds are:

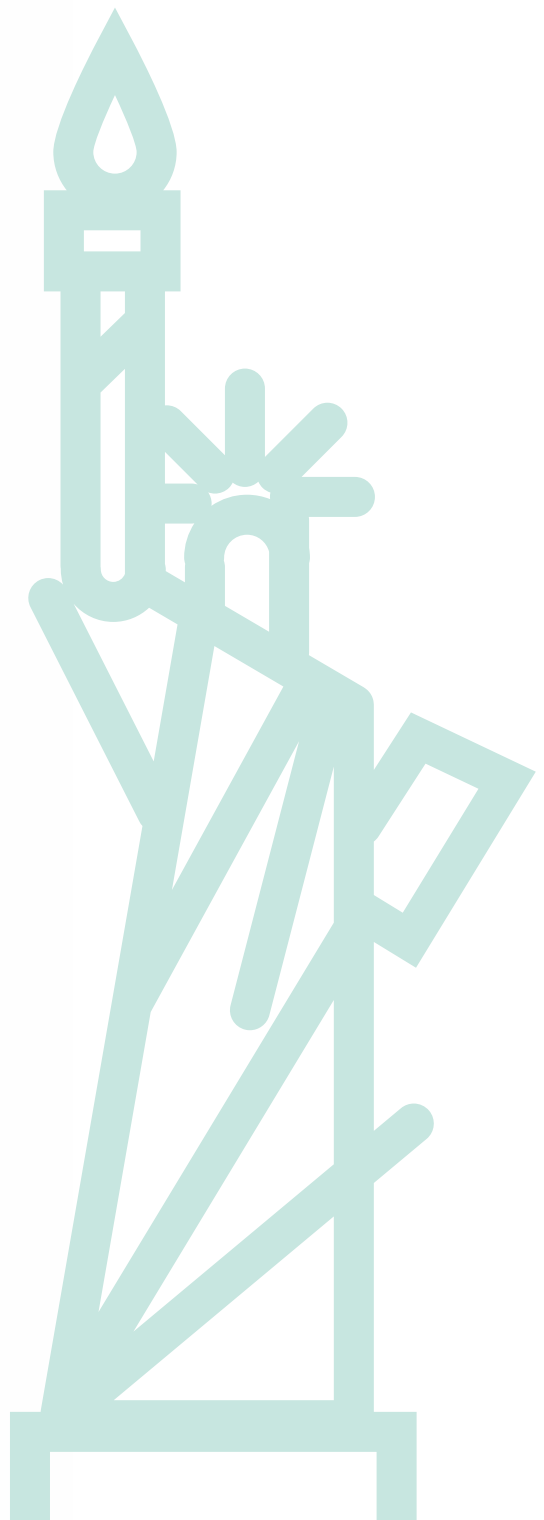
- Category 1- New intercontinental routes: 2 flights a week for a minimum of 12 consecutive weeks;
- Category 2- New Hub services: minimum 200 movements per year;
- Category 3 and 4- New point-to-point routes, “strategic” or “of interest”: 2 flights a week for a minimum of 12 consecutive weeks;
- Category 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 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.



BONUS

Additional bonuses (max 25%), and/or a contract extension can also be offered when certain thresholds of traffic are exceeded.

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 31st of August 2015 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 air carriers 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.

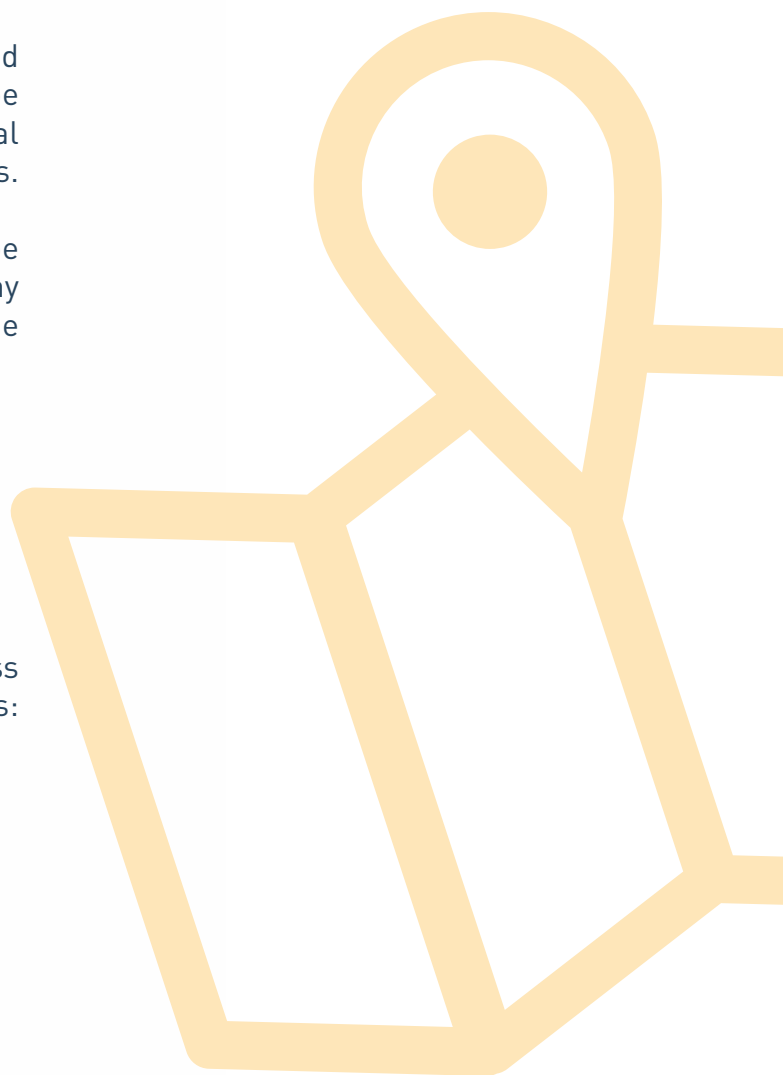
Should more than one carrier present proposals for the same route, then the decision on which carrier is to benefit from the incentives shall be made considering the size of the operation, the No. of routes, the total additional seat capacity and the potential market stimulation, according to Gesac analysis 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 up-dated, 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 Development department at the e-mail address: aviation_business@gesac.it



LIST OF NEW DESTINATIONS TO WHICH INCENTIVES APPLY

1. **Intercontinental** Destinations in the following areas

U.S.A. (excluding New York City, which is already served), **Canada**, **Latin America**, **China**, **Japan**, the **Persian Gulf**

2. **Hub** flights to hubs meant for connecting traffic

Hubs in Europe or the Mediterranean Basin not served from NAP with connecting operations (excluding Berlin and Geneva): for example, Lisbon, London Heathrow, Prague, Vienna etc.

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

Alghero, **Copenhagen**, **Lisbon**, **Malaga**, **Marrakech**, **Oslo**, **St. Petersburg**, **Seville**, **Stockholm**, **Toulouse**, **Valencia**

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

AZERBAIGIAN all destinations

BELGIUM all destinations, excluding Brussels (all airports)

BELARUS all destinations

BULGARIA all destinations, excluding Sofia

CROAZIA all destinations excluding Dubrovnik and 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, Nantes, Nice, Paris, **Toulouse**

GEORGIA all destinations

GERMANY all destinations, excluding Berlin, Cologne, Düsseldorf, Frankfurt, Friedrichshafen, Hamburg, Hannover, Karlsruhe-Baden Baden, Lubeck, Memmingen, Munich, Münster, Nuremberg, Stuttgart

GREECE all destinations, excluding Athens, Corfu, Crete, Mykonos, Santorini, Skiathos

HUNGARY all destinations, excluding Budapest

ICELAND all destinations

APPENDIX A

LIST OF NEW DESTINATIONS TO WHICH INCENTIVES APPLY

IRELAND all destinations, excluding Dublin

ISRAEL all destinations excluding Tel Aviv

ITALY all destinations, excluding **Alghero**, Bergamo, Bologna, Cagliari, Catania, Comiso, Genoa, Milan (all airports), Olbia, Palermo, Rome (all airports), Trapani, Treviso, Trieste, Turin, Venice, Verona

JORDAN all destinations

LATVIA all destinations

LEBANON all destinations

LITHUANIA all destinations

MOLDAVIA all destinations

MONTENEGRO all destinations

MOROCCO all destinations, excluding Casablanca and **Marrakech**

NETHERLANDS all destinations, excluding Amsterdam, Maastricht, Rotterdam

NORWAY all destinations, excluding **Oslo**

POLAND all destinations, excluding Krakow, Katowice, **Warsaw**

PORTUGAL all destinations, excluding **Lisbon**

ROMANIA all destinations, excluding Bucharest

RUSSIA all destinations, excluding Moscow and **St. Petersburg**

SERBIA all destinations

SIRIA all destinations

SLOVACCHIA all destinations

SLOVENIA all destinations

SPAIN all destinations, excluding Barcelona, Ibiza, Madrid, **Malaga**, Palma de Mallorca, **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

UNITED KINGDOM all destinations, excluding Belfast, Bristol, Edinburgh, Glasgow, Leeds Bradford, Liverpool, London (all airports), Manchester



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