Brussels Airport: growth perspectives of a secondary gateway

Léon Verhallen
Head of Airline Business Development, Brussels Airport

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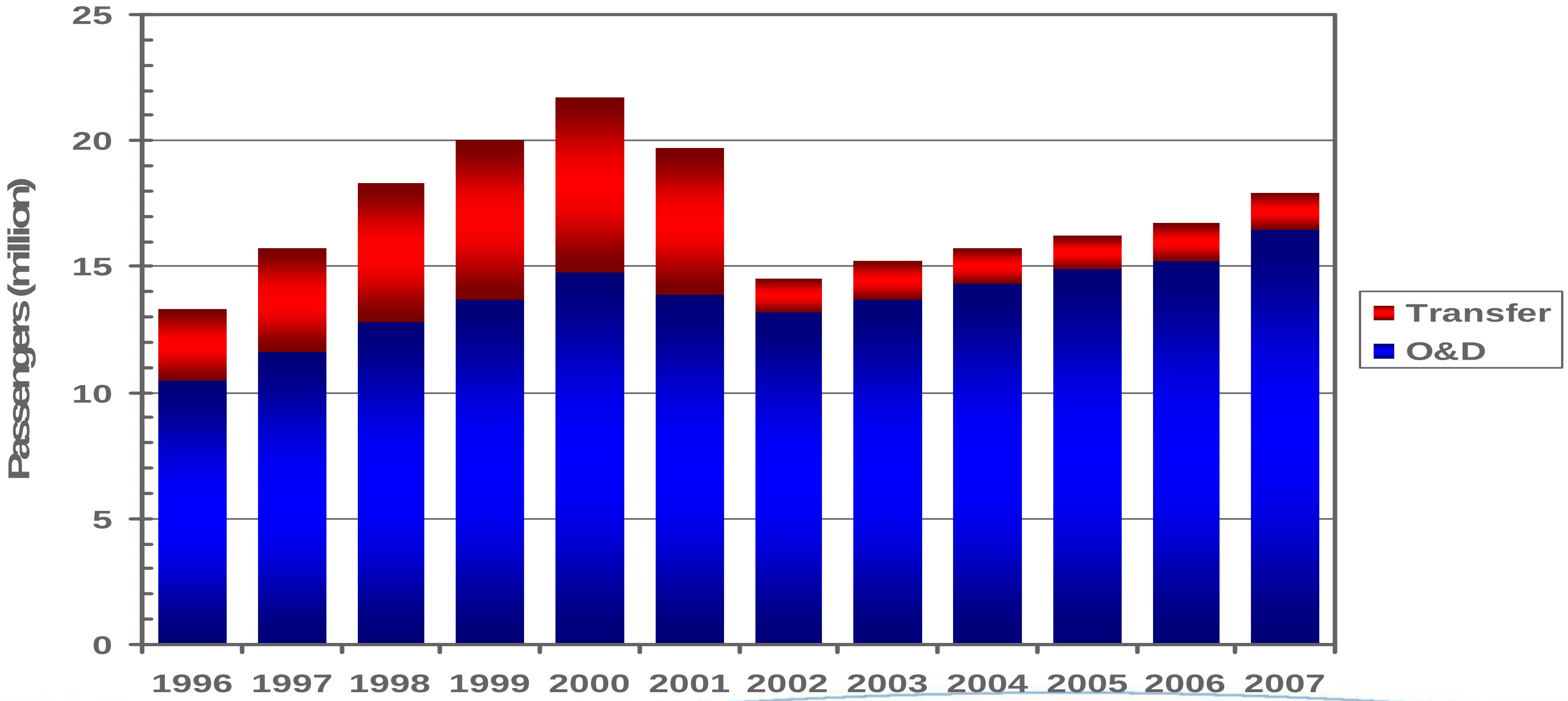
- **Introduction**
- Trends
- Strategy

The Sabena Collapse

- One third of traffic Brussels Airport was lost in 2002
- Today 18 million pax, with less than 10% transfer traffic



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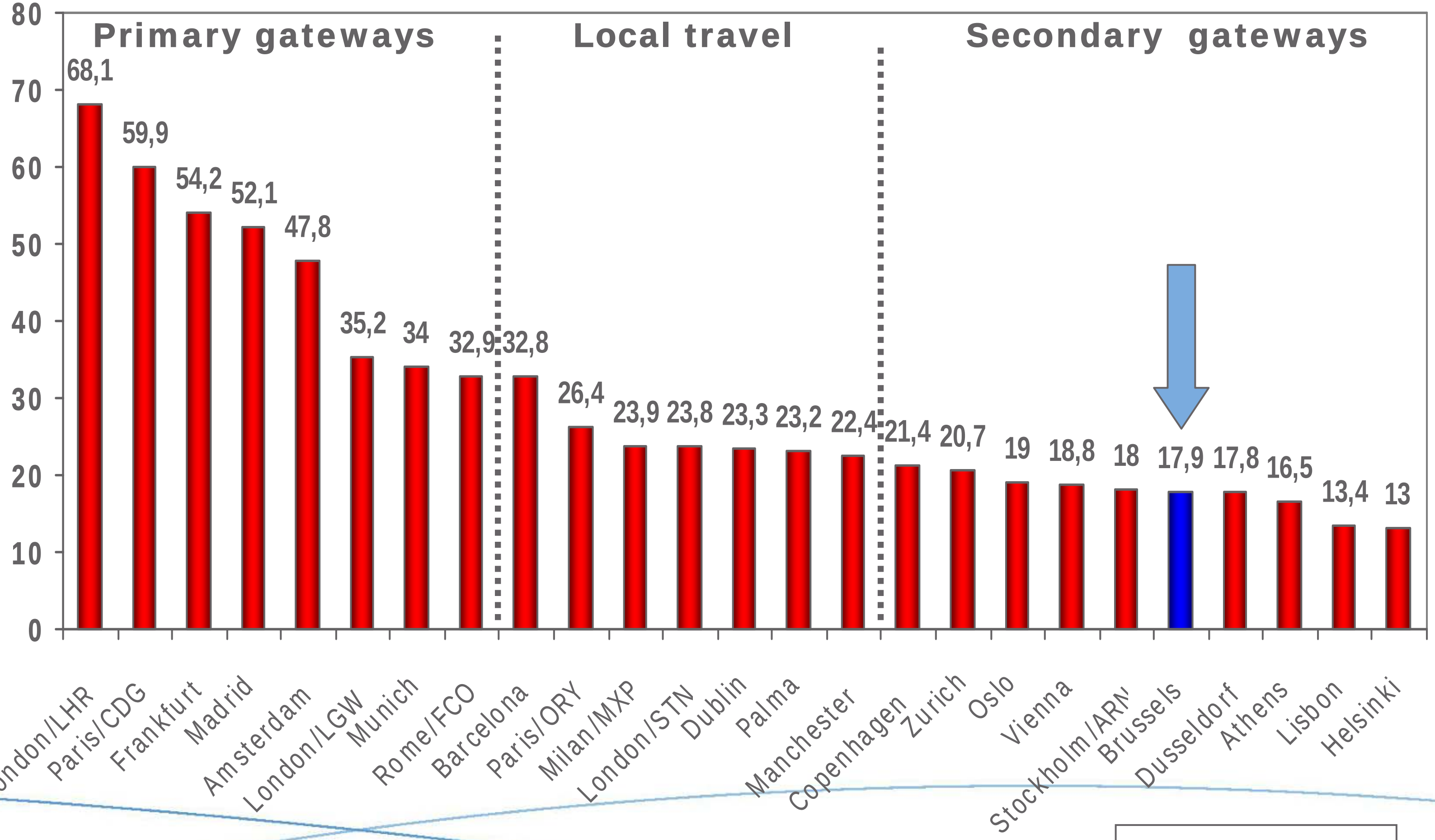
From #10 to #20 in Europe



excl. Russia, Turkey

Privatization and Rebranding

- Privatization in 2005
  - 75% Macquarie Airports (MAp)
    - Copenhagen, Sydney, Bristol
  - new management
    - grow revenues; decrease costs

- Airport charges
  - reviewed every 5 years (next 2011)
    - CPI - 0
  - cost pass-through of security costs

- Rebranding in 2006
  - *European*
  - *Efficient*
  - *Welcoming*

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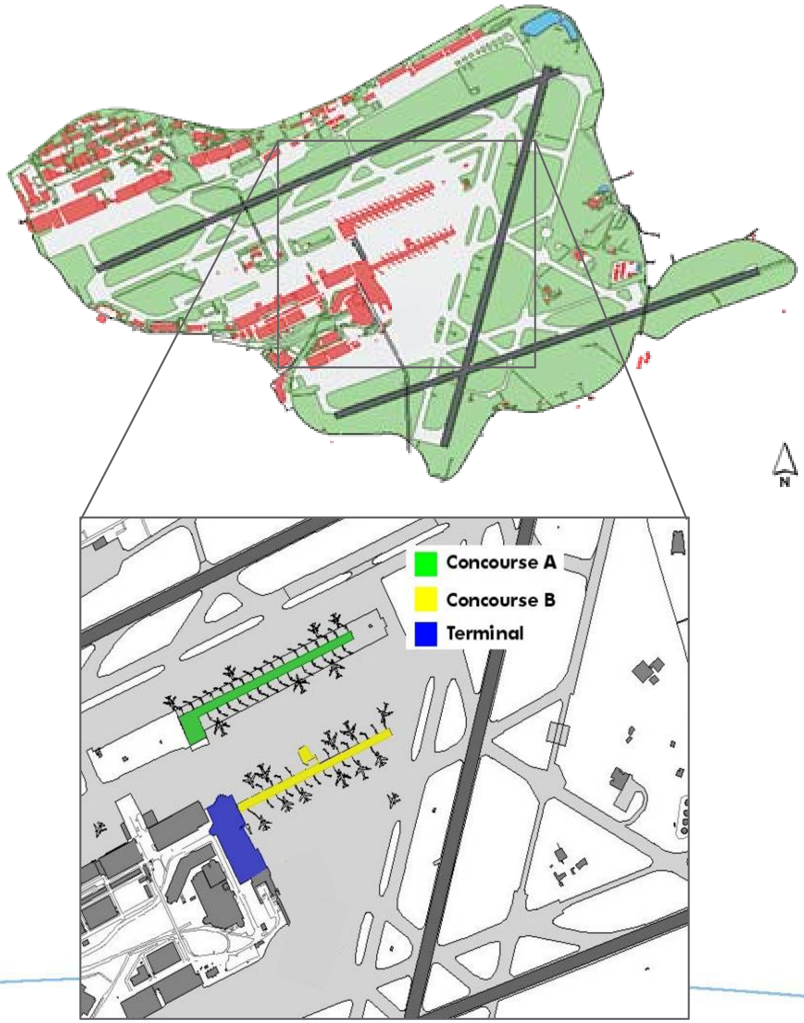
Brussels Airport Today

- One terminal
  - Pier A: 31 stands (Schengen)
  - Pier B: 23 stands
- Capacity
  - 74 movements per hour
    - growth to 80 movements
    - short taxi times
  - terminal: 28 million passengers
- Operational reliability
  - highest punctuality of all large European airports
    - AEA results 2006 and 2007



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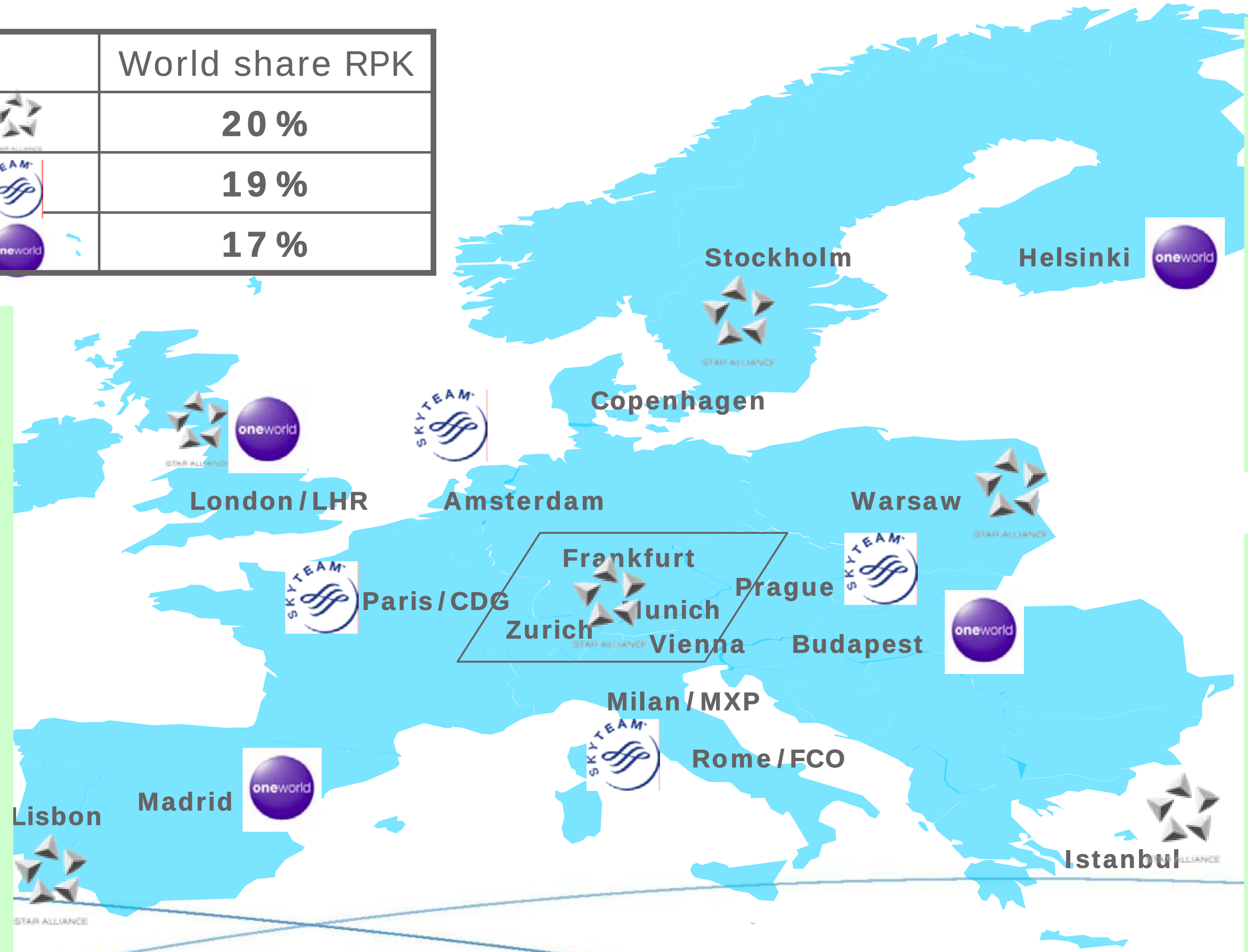
Alliances Increasingly Dominate Worldwide Networks

	World share RPK
STAR ALLIANCE	20%
SKYTEAM	19%
oneworld	17%



Main members (Star Alliance)

Lufthansa
Swiss
SAS
Austrian
bmi
LOT Polish
TAP Portugal
Turkish Airlines

United Airlines
US Airways
Air Canada
Singapore
Thai Airways
ANA-All Nippon
Asiana
South African
Egyptair
Air China

Main members (SkyTeam)

Air France
KLM
Alitalia
CSA Czech
Aeroflot

Delta Air Lines
Northwest
Continental
Korean Air
China Southern

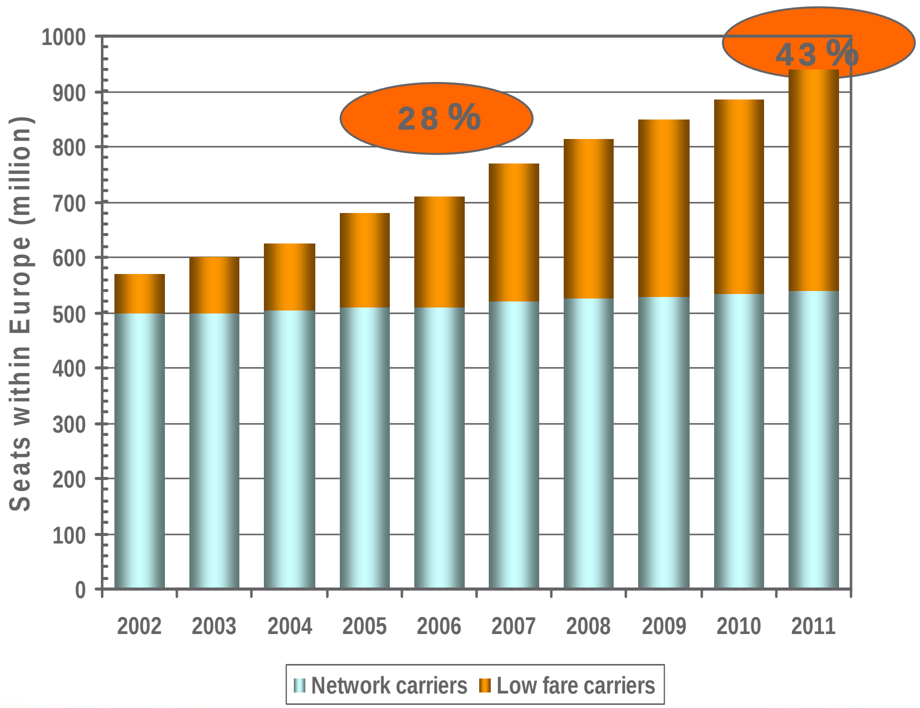
Main members (oneworld)

British Airways
Iberia
Finnair
MALEV

American Airlines
Cathay Pacific
Japan Airlines
Qantas
Royal Jordanian

Low Fare Airline Development Europe

- Low fare airline seat shares
- European airline ranking 2006



Intra European seat capacity by airline in 2006 (mln.)

1. Lufthansa	59
2. Air France	51
3. Ryanair	48
4. Iberia	42
5. easyJet	40
6. SAS	40
7.British Airways	39
8. Alitalia	30
9. Air Berlin/dba	28
10. KLM	17
11. Spanair	14
12. Swiss	12
13. Austrian	11
14. Aer Lingus	11
15. TAP Portugal	10
16. Finnair	10
17. Air Europe	10
18. Air One	9
19. Olympic	9
20. bmi	9
21. Flybe	8
22.GermanWings	8
23. Brussels A/I	7
24. Wideroe	6
25. Meridiana	6
26. CSA Czech	6
27. Aegean	6
28. Norwegian	6
29. bmibaby	6
30. Vueling	6

*Source: RDC Low Cost Monitor 2007

New Generation Long Haul Aircraft

- **Fragmentation**
  - 200-300 seats
  - A330/340, B767/777
  - B787, A350XWB
  - hub-to-point
    - where to transfer: ‘battle of the continents’
  - point-to-point

- **Concentration**
  - 400-550 seats
  - A380, B747-8I
  - hub-to-hub
  - relieves airport capacity constraints
  - high frequency routes

Catchment Area Competition

- Catchment area Brussels Airport
  - Belgium 10.5 million
  - Cross border 11.4 million (NL and F)
    - within 120 minutes
- Long haul travel competition
  - Amsterdam Schiphol
  - Paris/CDG
  - Dusseldorf
- Low fare travel competition
  - Charleroi
  - Eindhoven
  - Dusseldorf, Cologne/Bonn

Local Market Strengths

- Visit Belgium
  - Brussels and the art cities Antwerp, Bruges, Ghent
  - Gourmet Belgium, Castles & Gardens, Military heritage, Spa getaways

- Business Belgium
  - Capital of Europe
  - 8th economic area in Europe in GNP
    - air cargo, Antwerp harbour, Antwerp diamond capital, Fortune 500 companies, automotive and pharmacy production

Overseas and European Visitors in 2006

- Lower share for Belgium than The Netherlands
  - country size and local attractions give no sufficient explanation
  - direct flights and network make the difference

Country	Belgium	The Netherlands	Remarks
USA	293,000	1,047,000	Extensive USA-AMS network
Canada	48,000	134,000	Extensive Canada – AMS network
Japan	110,000	143,000	No direct flights from BRU
China	107,000	108,000	High though low frequency BRU
India	23,000	37,000	To grow with Jet Airways

UK	1,071,000	1,913,000	Extensive low fare network to AMS
Denmark	61,000	171,000	Low fare flights from CPH to AMS
Italy	228,000	398,000	Low fare flights to AMS
Spain	253,000	392,000	Low fare flights to AMS
Switzerland	69,000	173,000	Low fare flights to AMS

*Source: Tourism Flanders and NBTC

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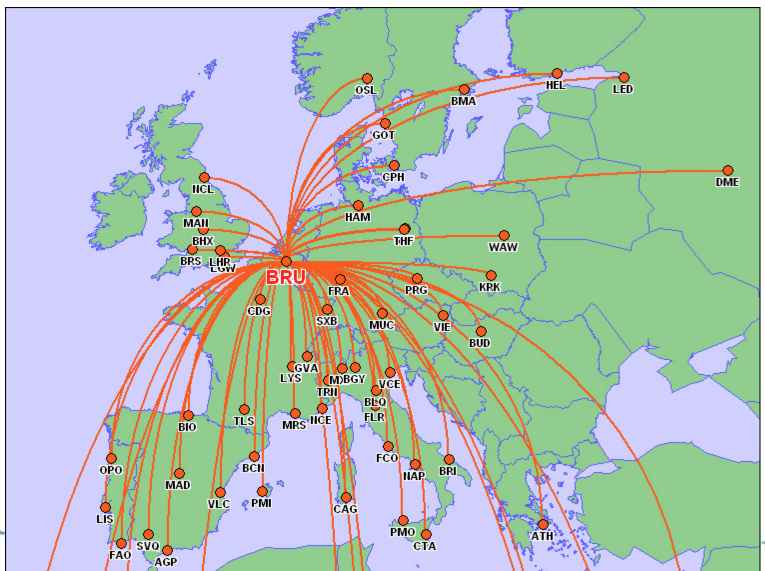
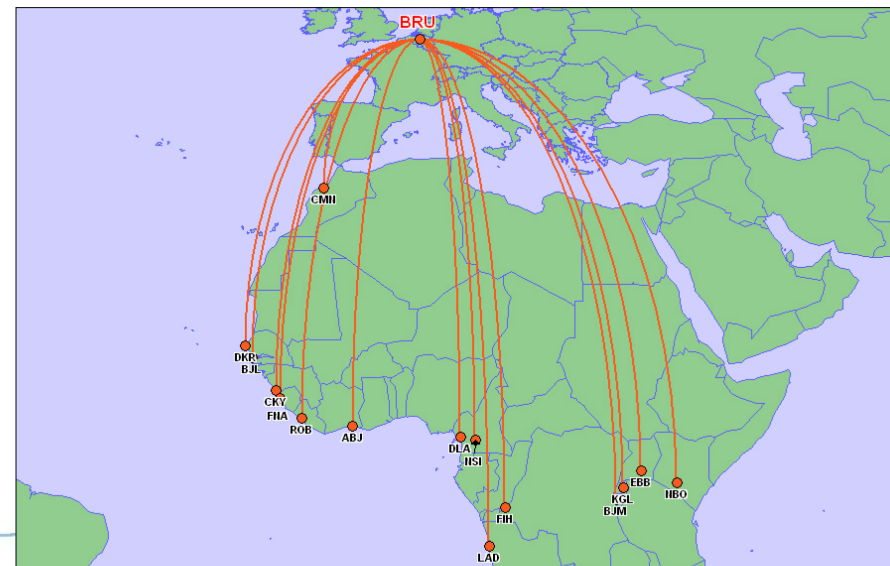
The Home Carrier

- Traffic share 31%, not in a dominant position
- Dense European network; unique Africa network
- Wide range of codeshare agreements, Europe and long haul
- Support for upcoming alliance choice, likely oneworld or Star

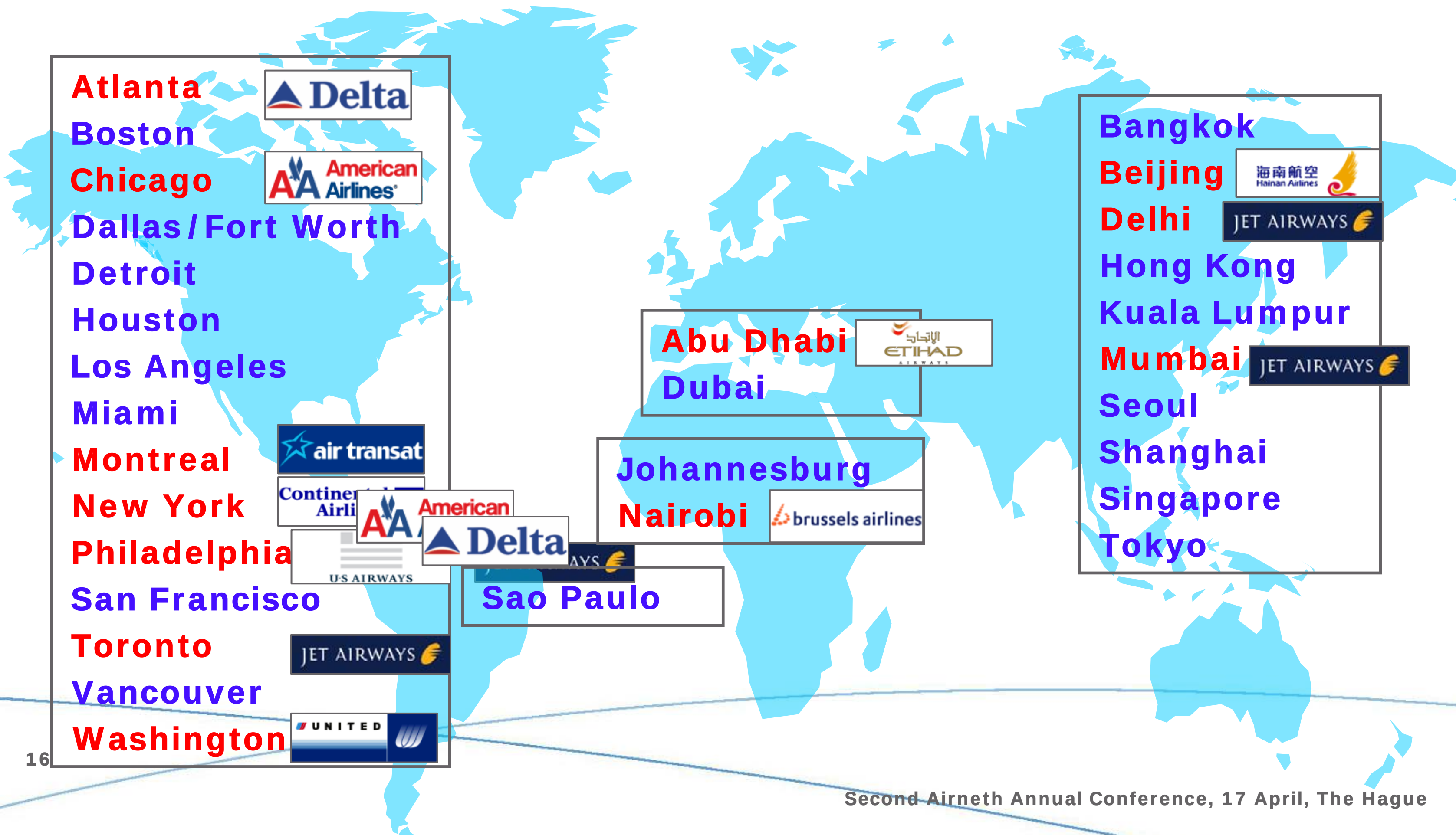
brussels airlines





Long Haul Network Development

- Today 12 out of the 30 most important world gateways
- Target for 2011 is 20; with priority on Asia



EU-US Open Skies at Brussels Airport

- US already well connected
- Jet Airways hub development
  - **More directly related to US – India Open Skies**
- **British Airways Open Skies project**
- **Codesharing**

North America Well Connected:
10 daily Flights to 6 Cities

American Airlines	Chicago, New York/JFK*
British Airways open skies	New York/JFK *(October)*
Continental Airlines	Newark
DELTA	Atlanta, New York/JFK
JET AIRWAYS	Newark, New York/JFK, (Toronto)
UNITED	Washington
US AIRWAYS	Philapdelphia

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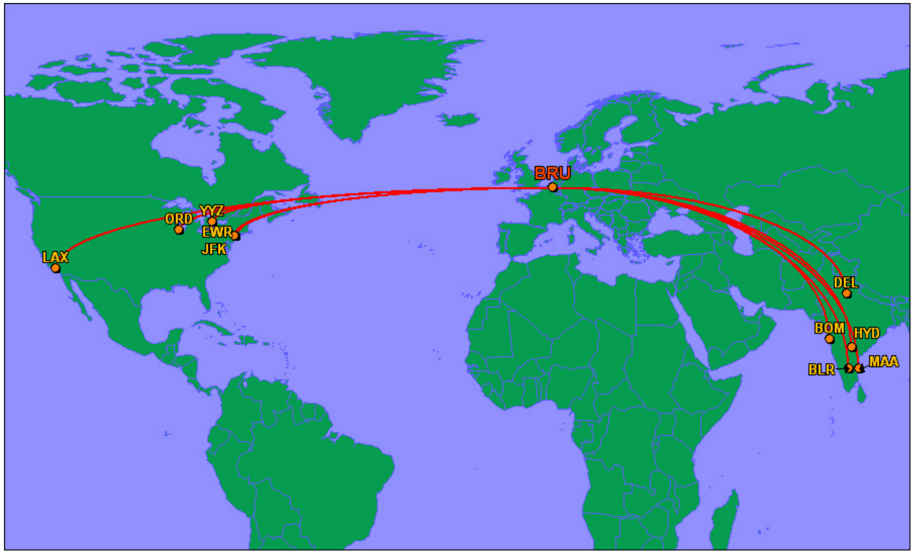
Jet Airways Hub Development

- **'Brussels Inc'**
  - 5 destinations India & N. America
  - November 2007: 3 routes
  - Off-airport developments
- **Commercial partnership**
  - Jet Airways, Brussels Airlines, Brussels Airport
- **Employment**
  - 1,000 on-airport jobs
  - 1-2,000 indirect jobs
- **Strict operational requirements**



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British Airways Open Skies

- Start-up with 2 B757-200 with 92 seats
  - 3 classes econ prem biz

- First flight CDG – New York; second flight BRU – New York (Autumn 2008)

- More European routes under study

Codesharing

- **Existing codeshare operations**
  – American Airlines Chicago and New York/JFK
    - **Brussels Airlines**
  – United Airlines Washington
    - **Lufthansa, LOT Polish Airlines, TAP Portugal**
- **New codeshare operation S08**
  – **Delta Air Lines Atlanta and New York/JFK**
    - **Air France**
    - **Advantage Brussels Airport: Air France passengers can fly from BRU, not on the TGV via Paris/CDG**

EU – US network developments

US carriers
- mainly hub-to-hub operations
  - American, Northwest, United
- mainly hub-to-point operations
  - Continental, Delta, US Airways
- frequent use B757/B767/A330

European carriers
- hub-to-hub and hub-to-point operations
  - British Airways, Lufthansa, Air France….
- mainly hub-to-hub operations
  - Austrian, LOT, SAS…
- frequent use B767/A330 up to B747

EU – US Open Skies
- already wide opportunities for US carrier operations to new destinations
  - new B787 and A350 aircraft to continue this development
- European carriers expected to continue operations from their home bases
  - one exception try-out: Air France from LHR to LAX, in code share with Delta
- growth of premium flights
  - BA Open Skies (and the new Airbus A318 flights London City – New York)
  - Virgin Atlantic has indefinitely delayed its plans
  - Niche carriers Eos and Silverjet (MAXjet has goe into bankruptcy)
- major shift of flights from London Gatwick to Heathrow ('Open Heathrow')

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Low Fare Airline Development 2008

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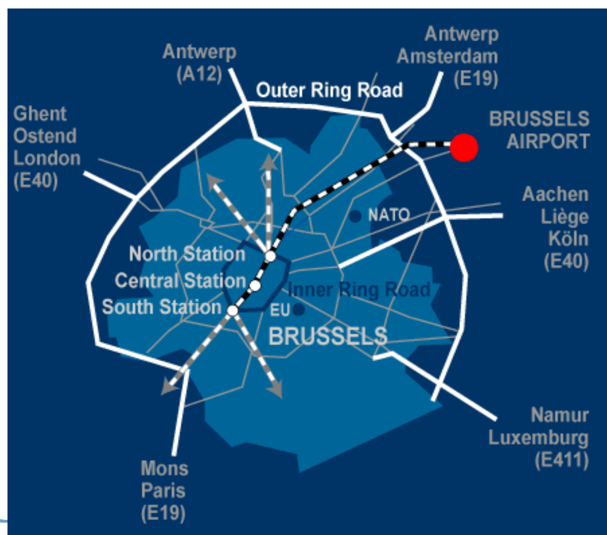
Accessibility and Passenger Processes Innovation

- **Accessibility**
  - Diabolo rail link 2012
    - 25 minutes from Antwerp
  - Parking
    - Front Parking expansion
    - Low Cost Parking (planned)



- **Passenger processes**
  - Internet check-in
  - Kiosk check-in
  - FastLane
  - Product differentiation
  - Retail and Food & beverage projects

Future Growth: full service, low cost and leisure

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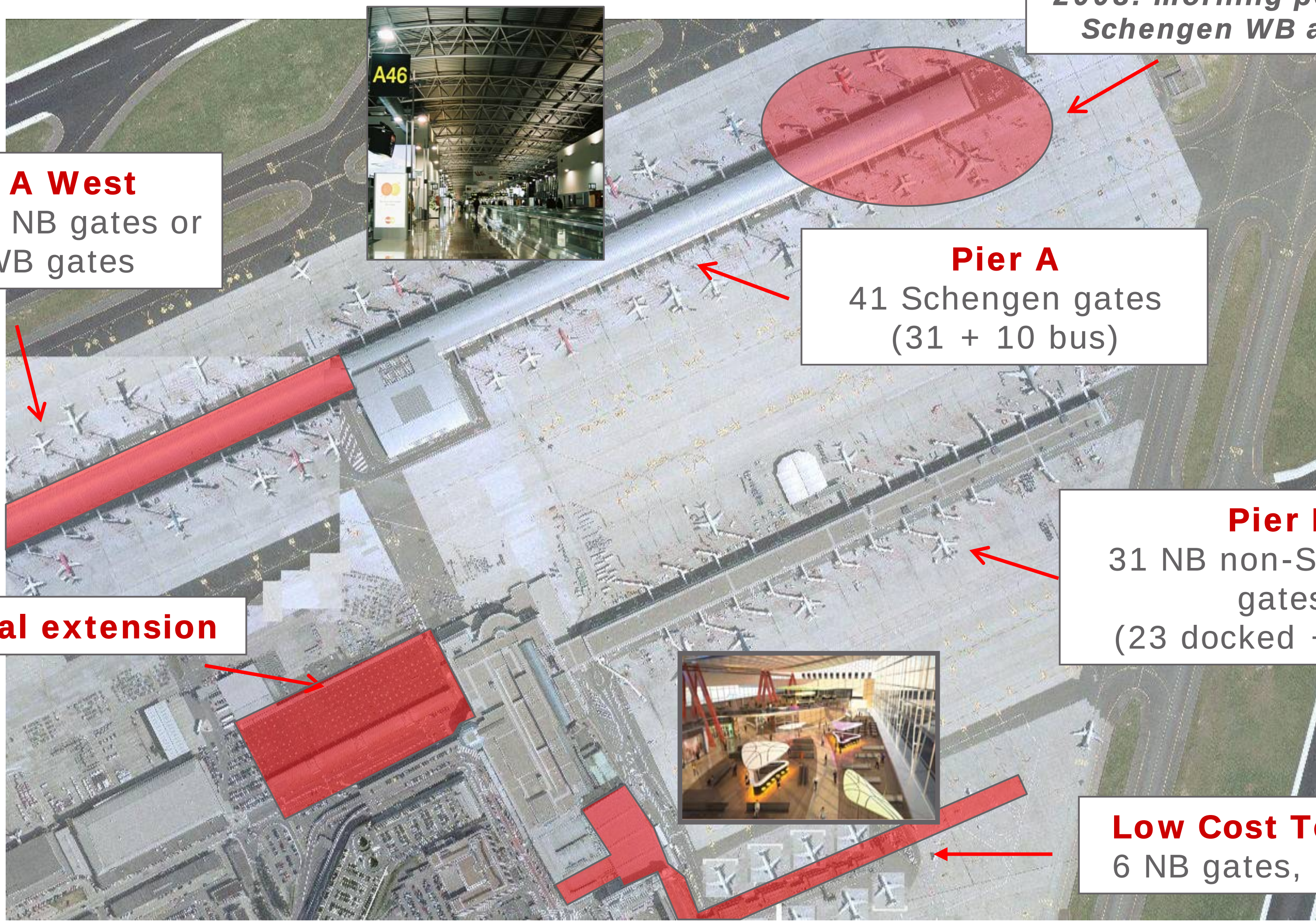


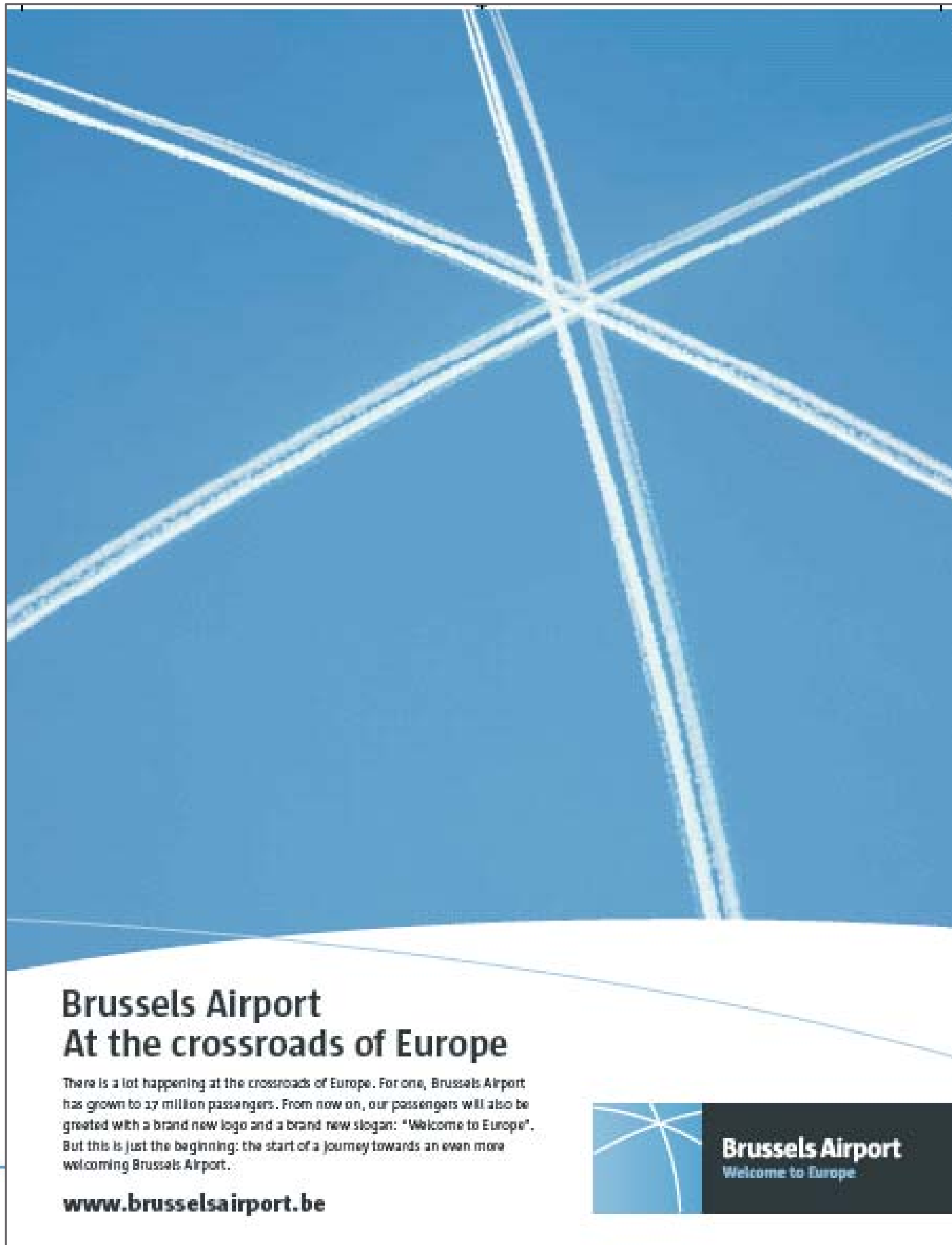
Objective and Strategy

- Preferred airport product
  - amongst the best airports in Europe
  - efficiency of terminal infrastructure
  - create additional capacity where/when needed
  - good balance between operational and commercial activities
  - pro-actively match our customers' expectations: airlines and passengers
  - product differentiation
- Strategy
  - network development and passenger growth
  - home carrier & alliance, long haul, low cost

European

Efficient

Welcoming



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Thank you !