YOUR LONDON AIRPORT
Gatwick

Points from Gatwick's Response to Airports Commission paper on
Airport Operational Models

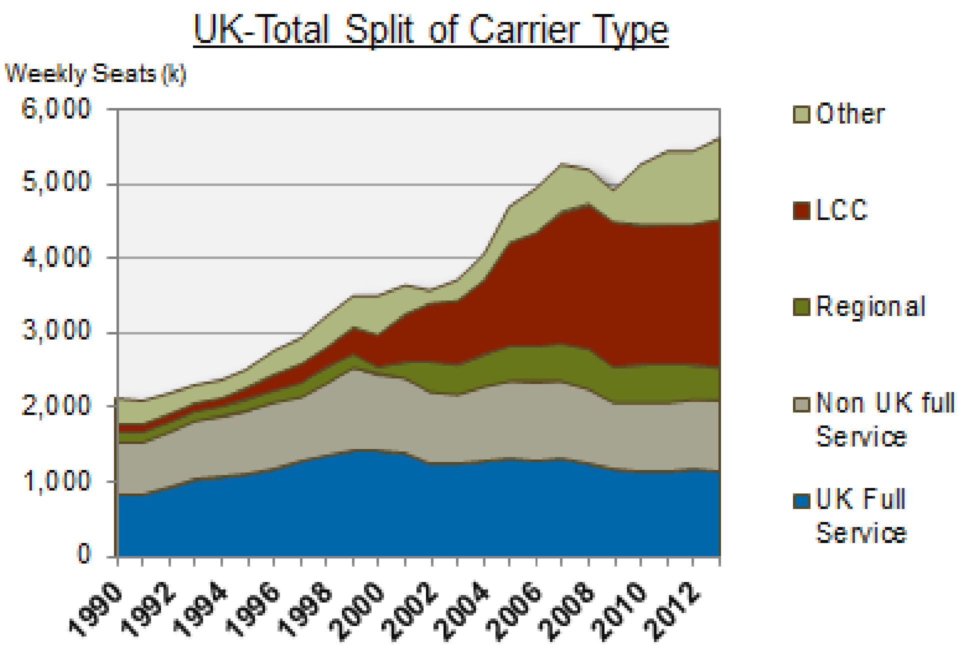
10 July 2013

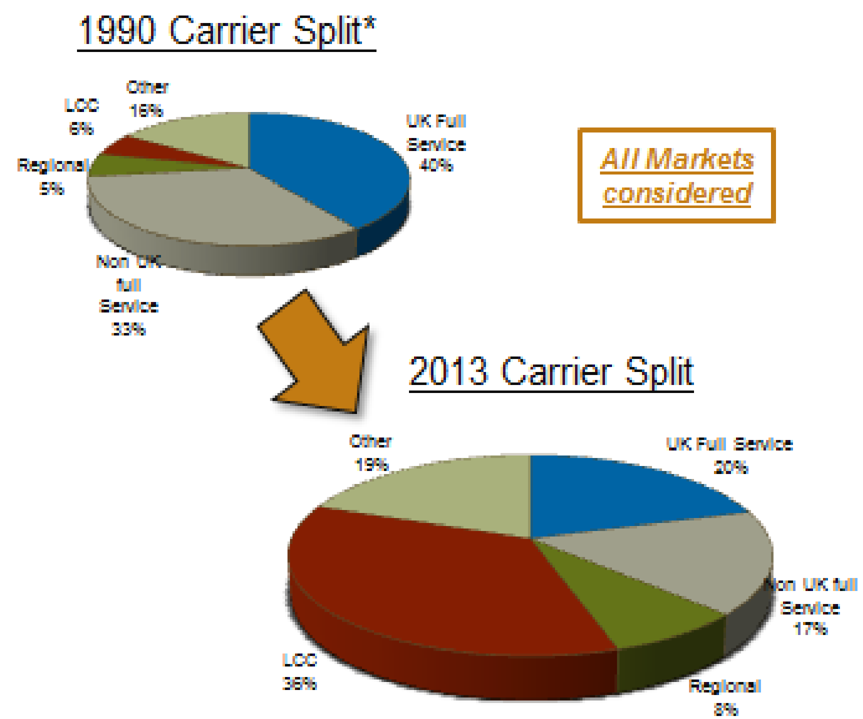
Aviation Futures

1. Continued liberalisation, further consolidation, further strengthening of alliances
   - dominant role of major focal airports is enhanced
2. Middle East and Far East carriers and airports cause focal airports in Europe to become increasingly by-passed
3. Integration of low-cost and full-service models sees more and more airports operating some level off “hub-style” models
   - weakening the dominant role of the focal airports

- Data used as a basis for Future 1 may not be appropriate
- Conclusions which lead to Future 1 must be checked against what has actually happened in the UK

Across all markets full service carriers account for nearly 40% of all seat capacity in the UK





- Considering all market groups the LCC segment has now grown to over 35% of total capacity (seats) in 2013. This growth has been mostly organic though acquisitions have occurred (Go, Buzz, GB airways, BA Connect)

- The combined share of full service carriers has declined from 73% in 1990 to under 40% today

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- These Futures are not mutually exclusive
- Continued change, which cannot be predicted with confidence, creates unavoidable uncertainty
- It is essential to recognise that uncertainty, and to develop airport infrastructure which is robust and flexible in the face of changing market demands

Advantages, Disadvantages and Trade Offs

- Advantages of the Hub Model
  - Potentially some additional connectivity
  - Attractive to network airlines

- Disadvantages of the Hub Model
  - Noise, pollution and surface transport congestion (for those nearby)
  - Draws traffic away from regional airports
  - Less equitable distribution of costs and benefits
  - Market power and reduced competition (higher fares, less innovation, less choice)
  - Less flexibility to respond to future changes

- Other Disadvantages of the Hub Model:-
  - Resilience, Passenger Experience, and (probably) Cost and Deliverability
- Conclusions on the overall balance of Advantages/Disadvantages need to reflect assessments of the future Incremental Traffic and the existing Airport System
- Gatwick's view is that a Constellation of Three Two-Runway Airports will meet the needs of the UK and London better than a Mega-Hub

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