

SEA GROUP POLICY FOR THE DEVELOPMENT OF TRAFFIC AT MILAN MALPENSA AIRPORT

Foreword

The recent dynamics of the international aviation market, in a context of gradual deregulation with regard to both traffic rights and pricing, are characterised by growing competition, among both airports and airlines. Such a development suggests the need, on the airport operators side, to adopt marketing policies aimed at achieving specific market targets and priorities.

Airport operators need, as independent business entities, to be recognized wide and adequate autonomy with regard to commercial decisions, has also been explicitly affirmed by ACI Europe, the European airports association representing all the major industry players.

As acknowledged by ACI Europe, the evolution of the aviation market has led to a gradual increase in competition among airport operators, resulting in "increasingly intense competition for route and traffic development" and the "need" for full autonomy in managing their business.

In this context, SEA has adopted a policy consisting of a series of tools aimed at achieving market development targets coherent with the Group's overall growth strategy, also in the light of what indicated by the National Airports Plan which has reaffirmed the centrality of the role of Malpensa airport as the reference "Intercontinental Gate" for Northern Italy.

Strategic targets of SEA Group

SEA, seeking a strategy of constant growth of Malpensa airport's network, to the benefit of its extensive catchment area, considers the following air traffic development targets a priority to achieve:

- ✓ development of the long-haul destination network;
- ✓ frequency increase on strategic long-haul destinations;
- ✓ development of the short/medium-haul destination network, by giving priority to the east European countries and the Mediterranean area;
- ✓ new operators positioning at Terminal 1, with aircrafts based at the airport, and/or large volumes of traffic generated;
- ✓ development of connecting traffic;
- ✓ seasonal adjustment of the operational plans of scheduled passenger airlines;
- ✓ development of long-haul all-cargo and courier air services;
- ✓ use of aircraft with low environmental impact.





Incentive programmes

SEA has defined a programme and has budgeted an amount to be allocated for the achievement of growth targets and in consideration of the development dynamics of individual market segments.

This commercial policy is offered on a transparent and non-discriminatory basis, by means of ensuring a level playing field for airlines wishing to adhere to it. This programme is not applicable to airlines with which commercial agreements are already in place or, in any case, to routes that benefit from various forms of support provided by public entities (i.e.: Public Service Obligation). SEA, anyhow, reserves the right to extend the programme to routes for which the airline may already receive support from other entities.

SEA will only sign agreements which, following an appropriate internal ex ante financial analysis, demonstrate that they can provide the airport operator with adequate profitability over the planned period of time, in accordance with the Community principle of the private investor operating in a market economy (MEO).

SEA, considering the essential principle of free entrepreneurial activity, also with regard to the incentive criteria, reserves the right to evaluate further support tools, as well as the allocation of specific non-pecuniary benefits in terms of co-marketing, for development projects considered to be of particular importance for the airport's growth and accessibility of the area.

Application to the programme

Airlines interested to participate to the incentive programme should contact SEA, Aviation Business Development Department, email: aviationdevelopment@seamilano.eu, at least 60 days prior to the beginning of each relevant IATA season for the development project.

The schemes applied will last up to 3 years if they concern a single route, with the possibility of extending up to 5 years for projects with a more diversified portfolio of activities.

SEA will evaluate applications received, taking into account both the financial/strategic appeal of the submitted project as well as the economic/financial profile of the proponent.

With reference to certain types of incentive programmes, SEA may grant the planned benefits to two or more airlines.

Payment of the incentives is subject to the signing of a specific contract between SEA and the carrier that will regulate in detail the terms of the agreement, as well as the regularity of payments by the operator to the SEA Group.

SEA reserves the right to amend/update this policy according to the market development.