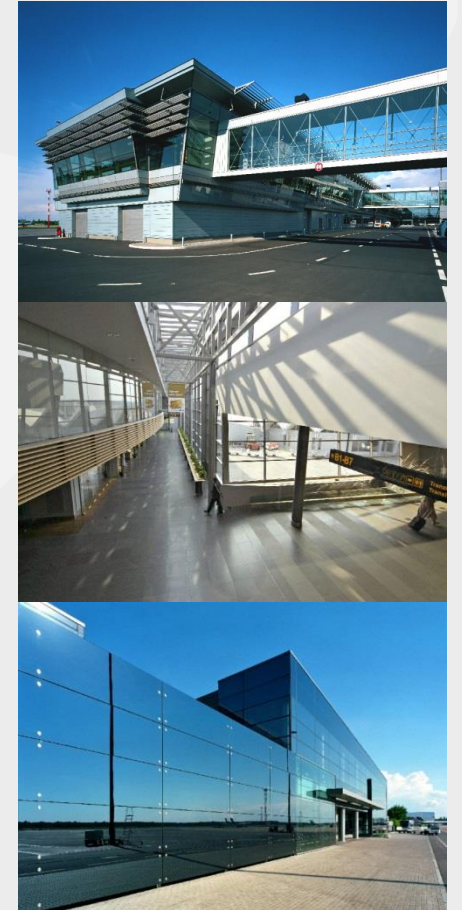




Role of Aviation Sector in Latvia Development of Riga International Airport

Riga International Airport

- Built in 1974
 - 100% owned by the Republic of Latvia
 - Operated by SJSC RIGA International Airport
 - Occupies an area of 650 ha
 - 1100 employees
 - 23 airlines fly to 79 destinations
 - ISO 9001:2008 and ISO 14001:2004 (since 25.09.2015.)
 - Annual turnover 49 million EUR (2015)
 - Aviation income 56%, non-aviation income 44%
-
- RWY Length – 3200m, Width– 45m
 - Open 24/7
 - CAT II (since 5.03.2015.) – allows aircraft operations in low visibility
 - Fire fighting CAT 8 (24h), CAT 9 (for E class cargo a/c)
 - Infrastructure suitable for handling of all aircraft types except A380



Aviation industry in Latvia

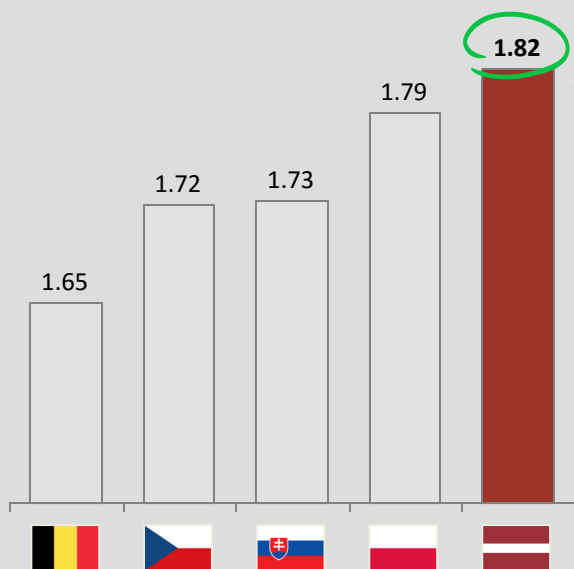
Latvian aviation industry grew significantly during past 10 years both in passenger traffic and cargo and Latvia developed strong aviation sector relative to its size

- Latvian aviation sector contributing ~3% of GDP and ~40K jobs
- Latvia has developed a strong aviation sector relative to its size with 2.4 pax / inhabitant.
- Riga International Airport serves as regional transfer hub.
- airBaltic has strong position in Riga but both low cost and full service carriers increased their shares during last years. Low cost airlines share is about 30% and full service carriers share is 20%.
- Due to periphery location of Latvia, developed aviation infrastructure is precondition for economic growth.

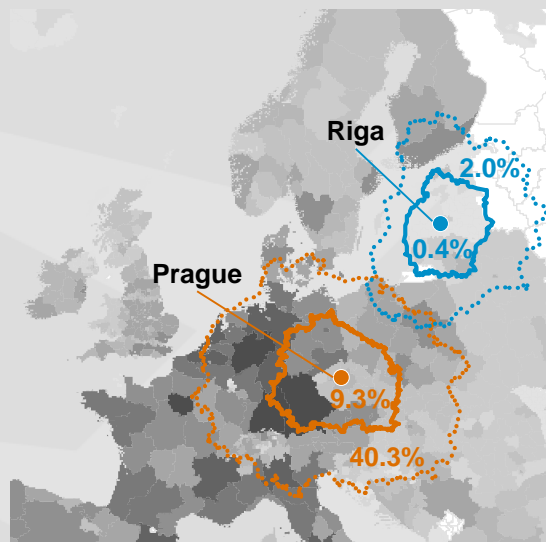
Periphery effect for Latvia: Air connectivity many times more useful than for WE/CEE

Direct GDP return for Latvian aviation higher than in other countries...

Direct-indirect multipliers (2011)



...driven by the fact that only 2% of EU wealth reachable by car in 8hrs from Riga (~40% for the Central Europe)



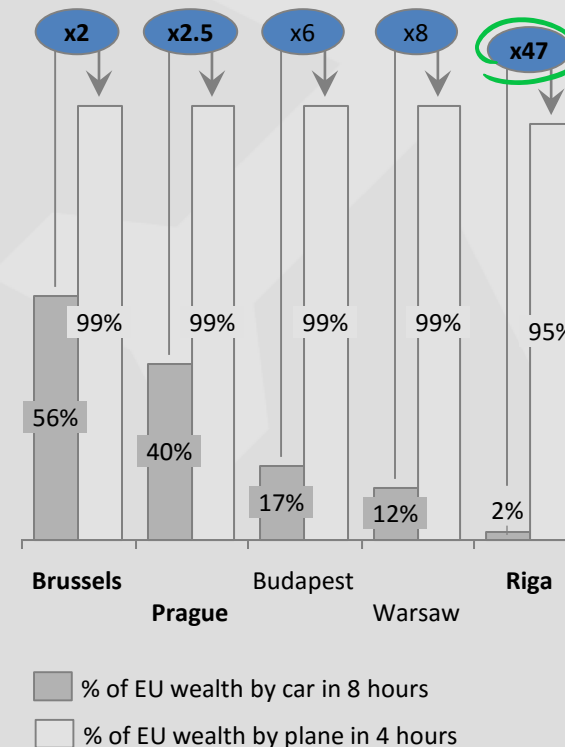
Purchasing power (M€):
Darker areas represent higher absolute wealth

Driving time: — 4 hours ···· 8 hours

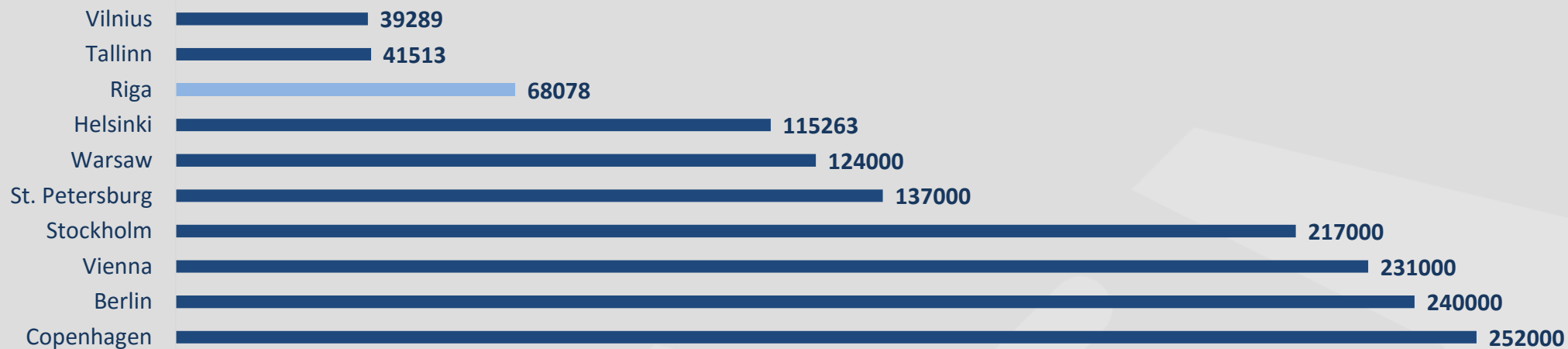
% of European purchasing power reachable after 4 or 8 hours by car

... thus making air travel reach effect ~20-25 times bigger for Riga than for western/central Europe

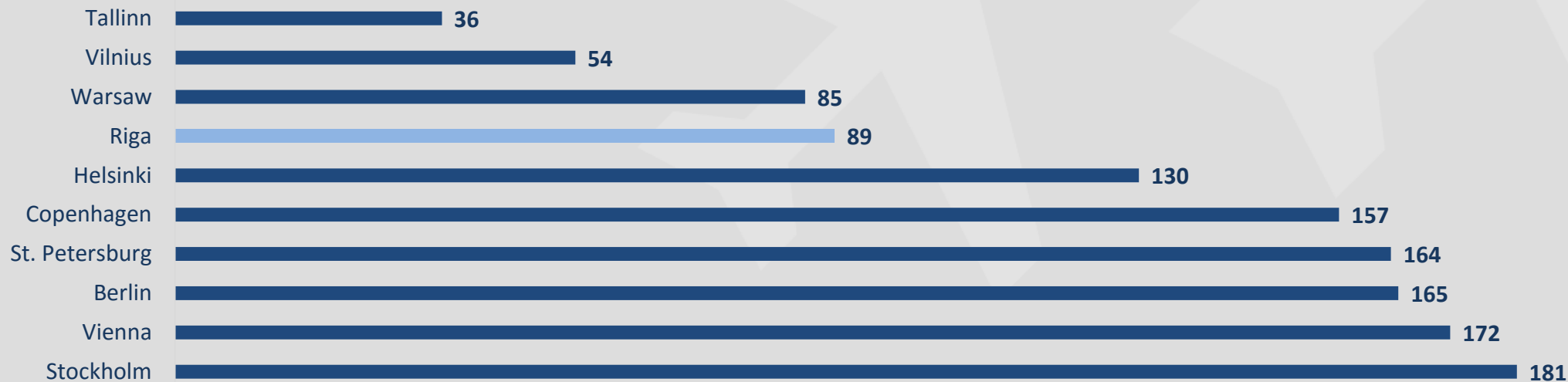
Riga's air travel effect is ~20-25 times bigger than Brussels' or Prague's



Riga International Airport compared to its closest European hubs by aircraft movements (2015)

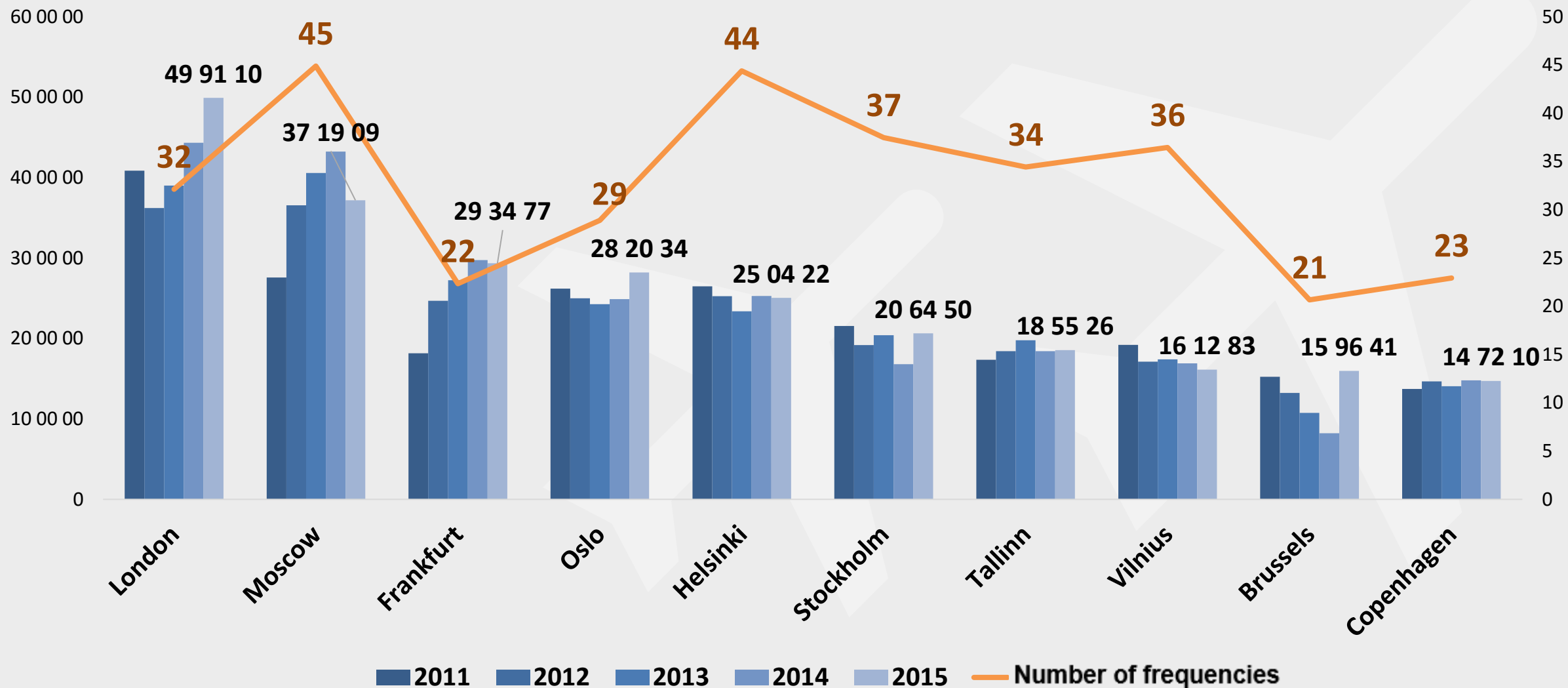


Riga International Airport compared to its closest European hubs by destination numbers (2015)



TOP10 destinations during last 5 years

Serviced passengers and weekly frequencies in Year 2015



Three main strategic directions for Latvian aviation sector discussed during Q1, 2015

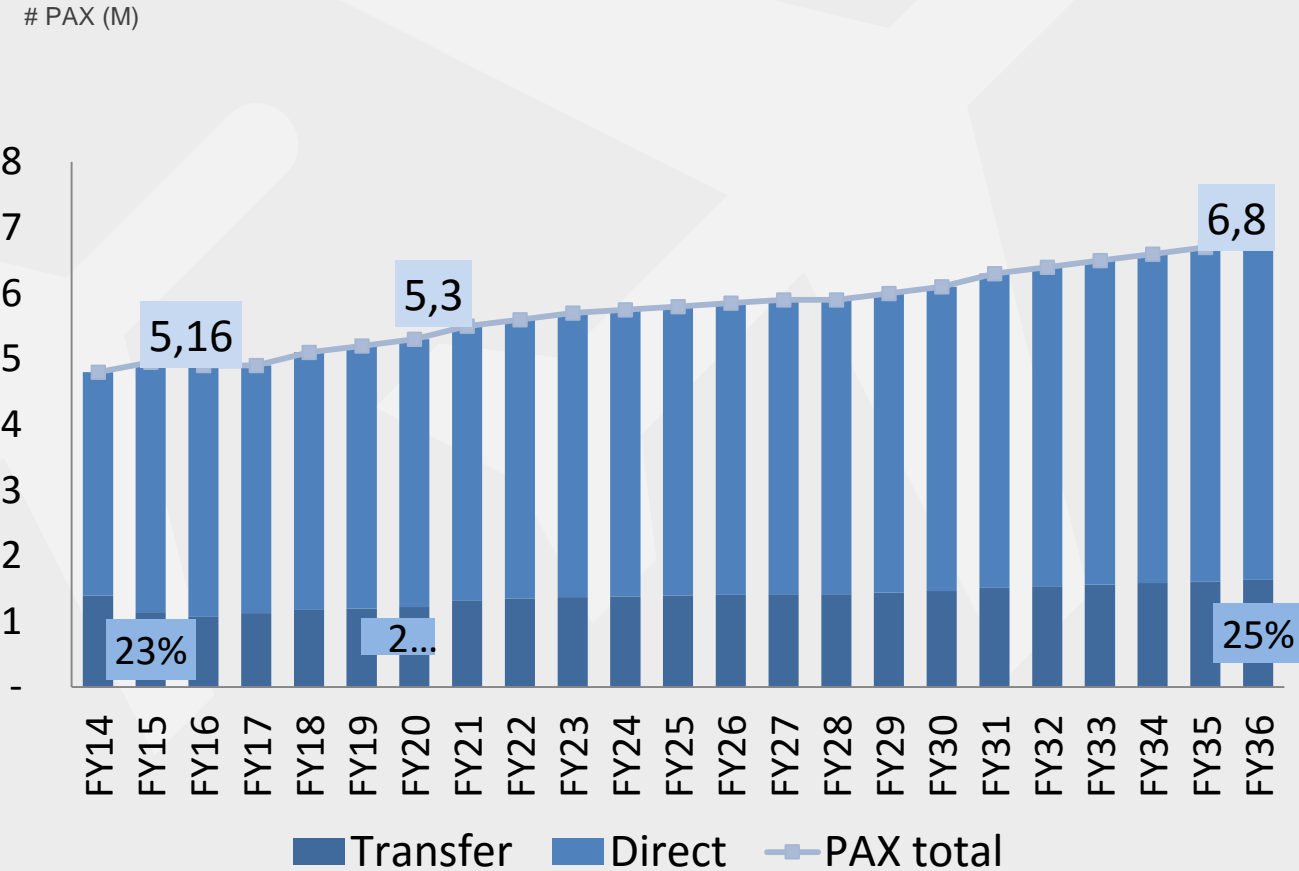
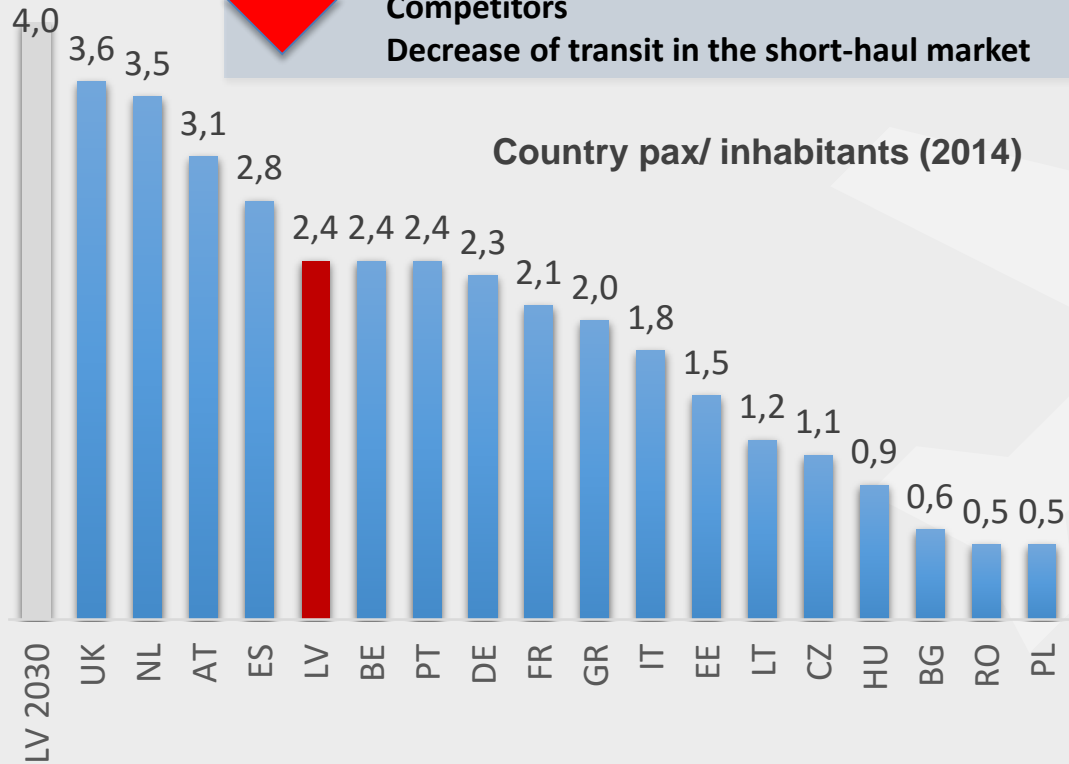
		0 Baseline: No action (current trend)	1 Grow leisure traffic volume	2 Maintain/improve connectivity to support high-value traffic
Economic impact		Loss of airBaltic and transfer passengers leading to loss of half of the economic impact of aviation	Development of the leisure traffic (inbound and outbound) leading to an increase of the local spending in the touristic sector	Development of the connectivity in Riga to enable the trade and the investments in addition of the leisure traffic
	Connectivity	<ul style="list-style-type: none"> Reduction of the number of destinations and frequencies in the next few years 	<ul style="list-style-type: none"> Reduction of the number of destinations and frequencies in the next few years Development of the capacities on touristic destinations 	<ul style="list-style-type: none"> Development of daily services to the main European capitals Improvement of the frequencies and the quality of schedule
Key prerequisites	State	<ul style="list-style-type: none"> No specific action 	<ul style="list-style-type: none"> Promote Latvia as a touristic destination Improve tourism infrastructure 	<ul style="list-style-type: none"> Promote Latvia as a business destination Support airBaltic in transition
	Airport	<ul style="list-style-type: none"> No specific action short-term, forced to create favorable conditions for LCCs mid-term 	<ul style="list-style-type: none"> Create favorable conditions to attract LCCs (tariff structure, airport infrastructure, marketing) 	<ul style="list-style-type: none"> Create conditions to support regional hub
	airBaltic	<ul style="list-style-type: none"> Increase short-term yields and gradually phase down 	<ul style="list-style-type: none"> Increase short-term yields and gradually phase down 	<ul style="list-style-type: none"> Transition into a very efficient carrier Find a strategic partner

Passenger traffic development: 6,8M in 2036


GDP growth ~2%/year
Leader position in Baltics
Inhabitants travelling intensity growth


Decrease of inhabitants:
Latvia- 1,6m Baltics - 5,1m (2030)
Geopolitical situation in Russia
Competitors
Decrease of transit in the short-haul market

2036: Sustainable growth of the traffic and increase of inbound passengers





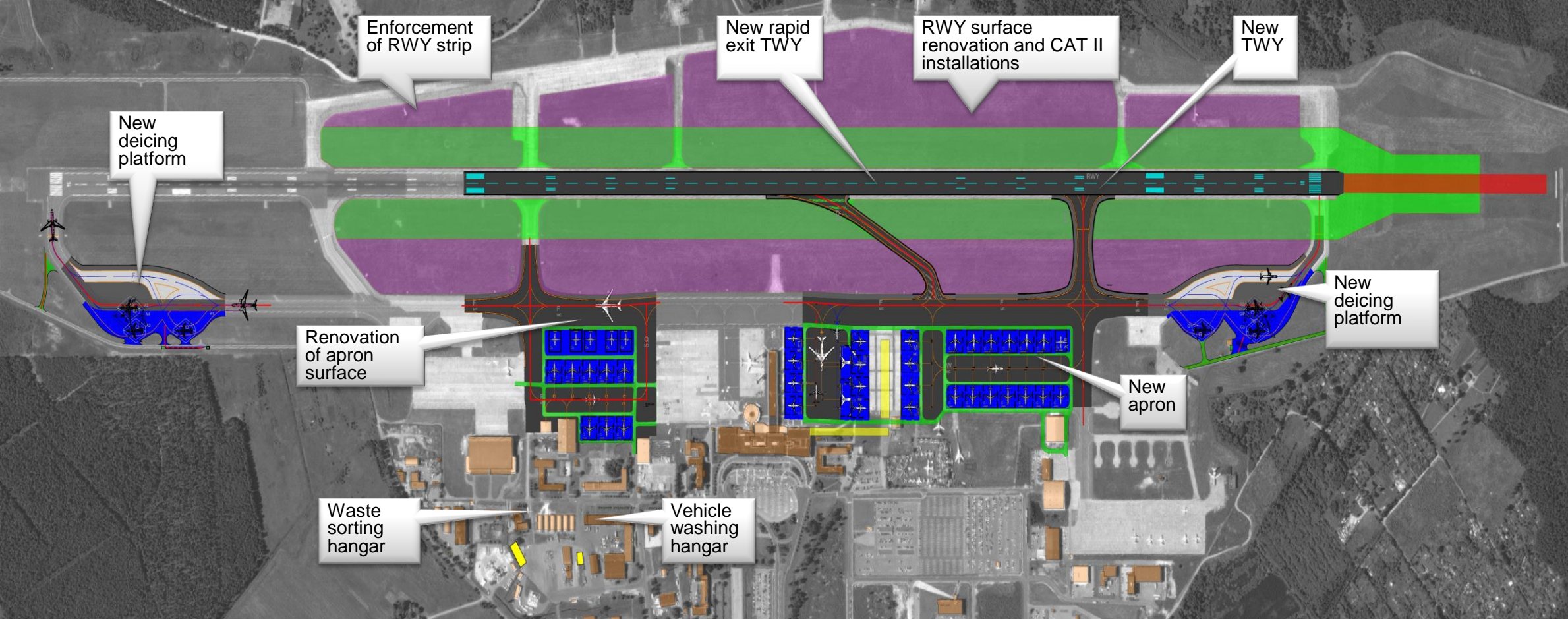
INFRASTRUCTURE DEVELOPMENT

Riga International Airport infrastructure

- The airport airfield infrastructure (runway, new taxiways, aprons) upgrade project was completed last year
- Riga International Airport terminal capacity is limited currently, but ongoing investments will resolve the issue.

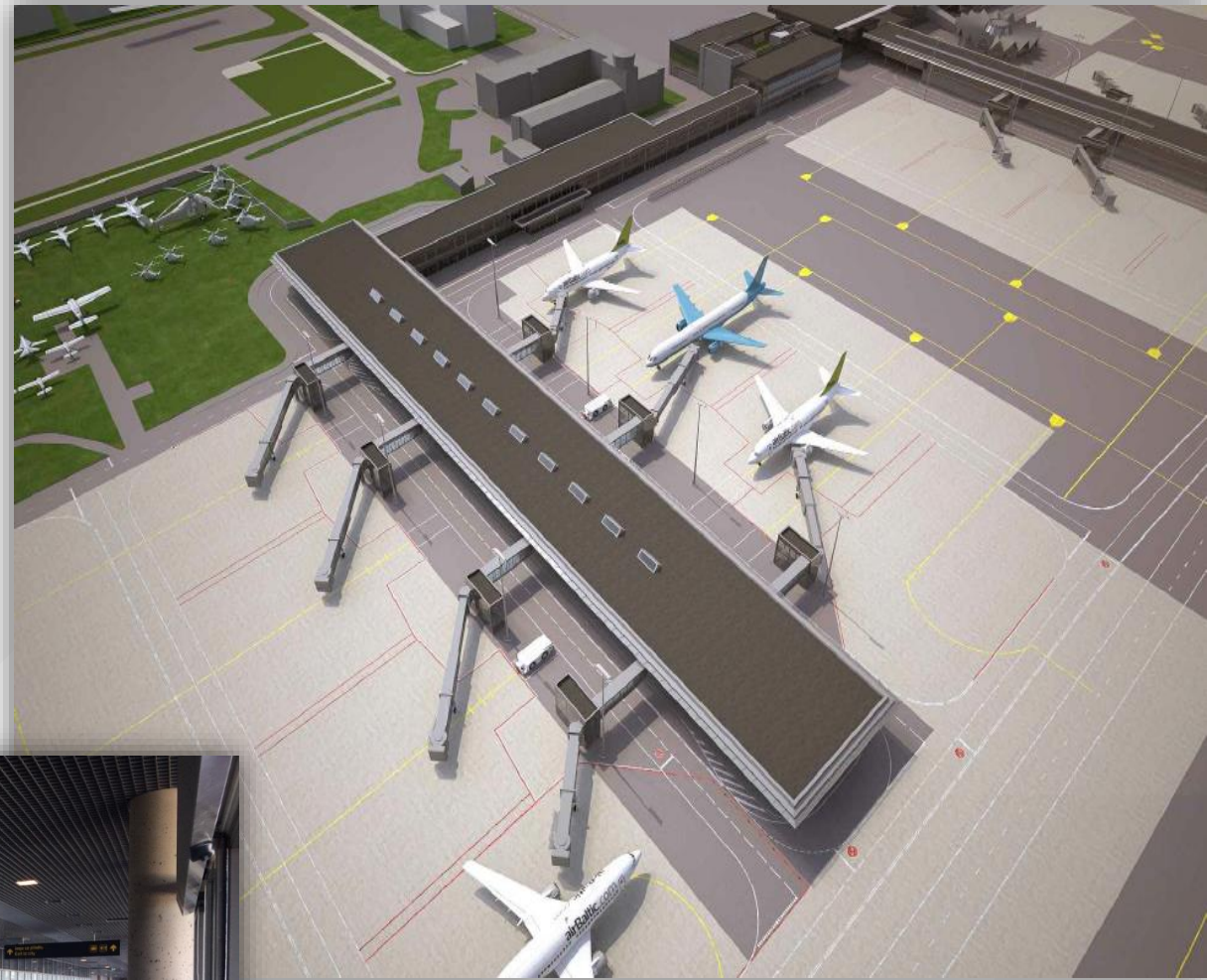
Riga International Airport infrastructure development project 2013 – 2015

Project value EUR 93 million



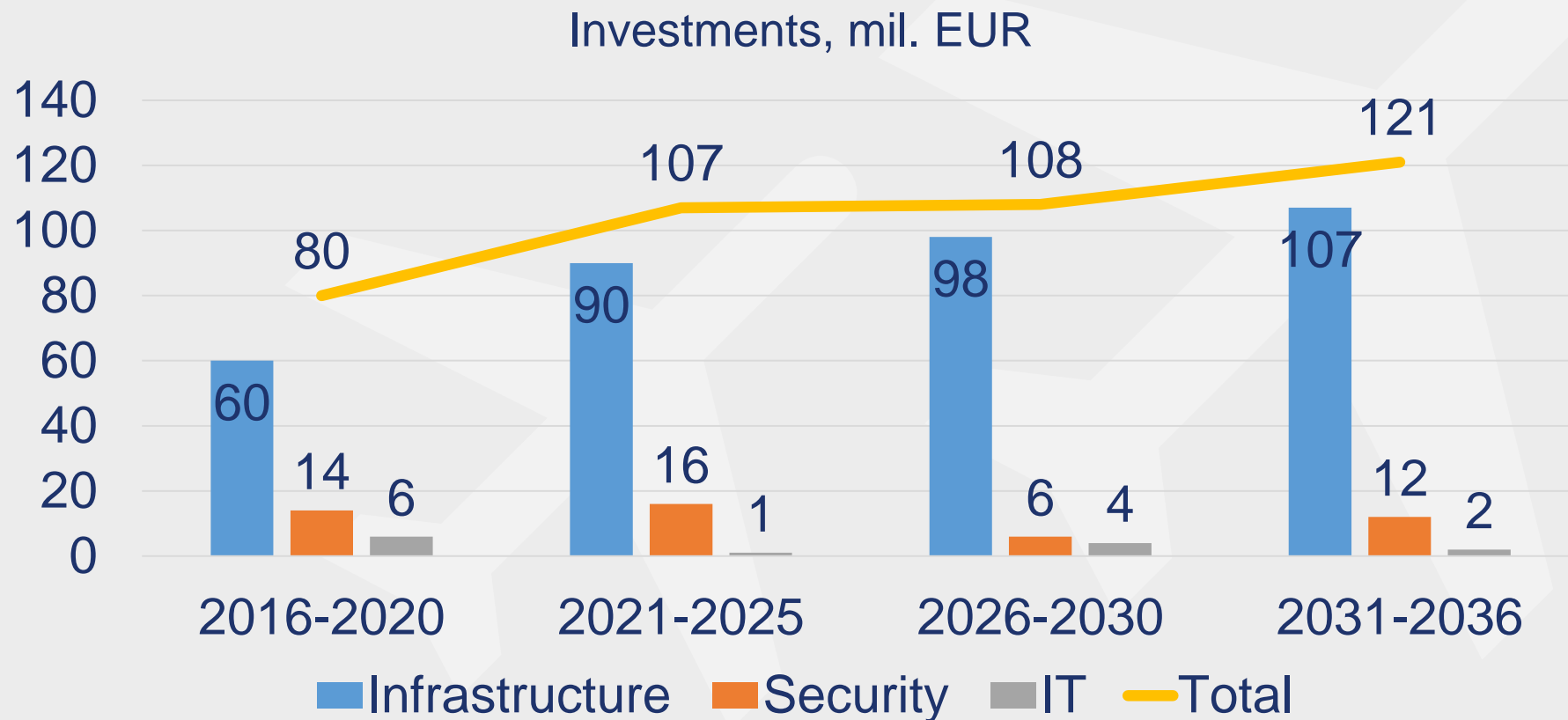
Terminal expansion 2015 - 2016

- **I part** – additional 3 departure gates, new commercial premises and extended non-Schengen arrival hall by September of 2015. **Investments EUR 15,7 million.**
- **II part** – 19 Schengen/ non – Schengen departure sectors, 7 walking stands and 3 new passenger boarding bridges, new commercial premises by Autumn of 2016. **Investments EUR 9,1 million**



Riga International Airport Investment plan for 2016 - 2036

Total value EUR 416 million.





Thank You!

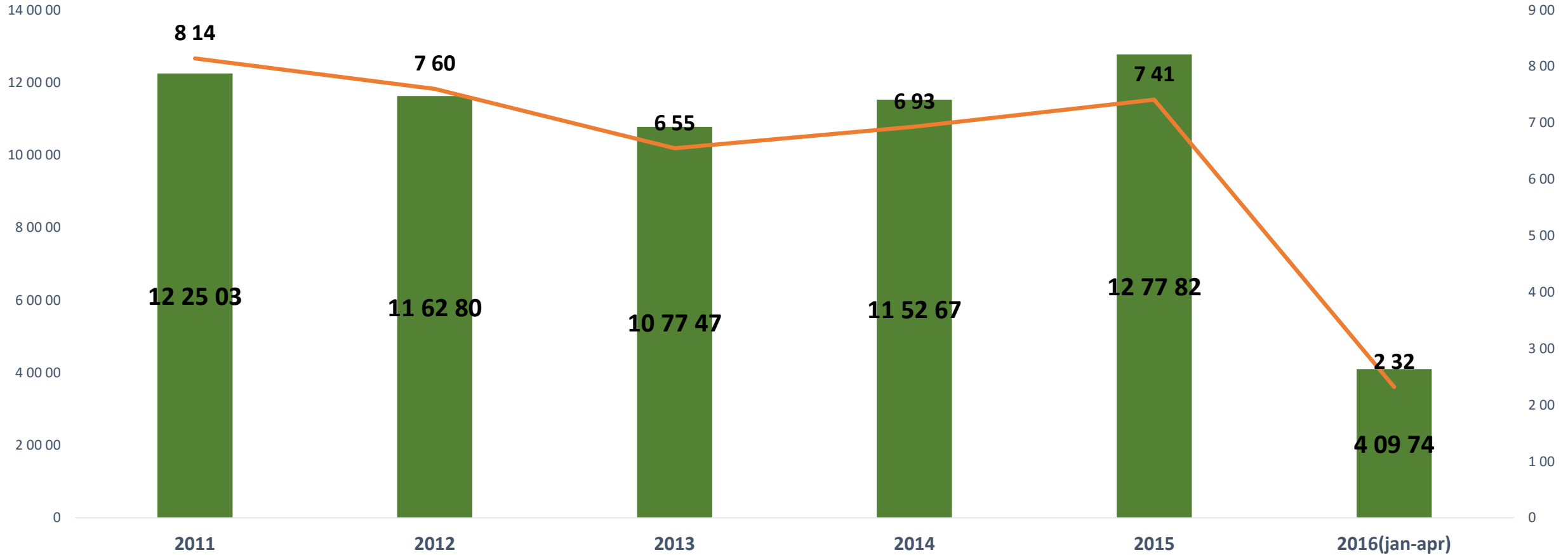
Andris Liepiņš
Chairman of the Board



Starptautiskā lidosta **RĪGA** International Airport

Ireland traffic development 2011-2015

Regular traffic, Dublin route

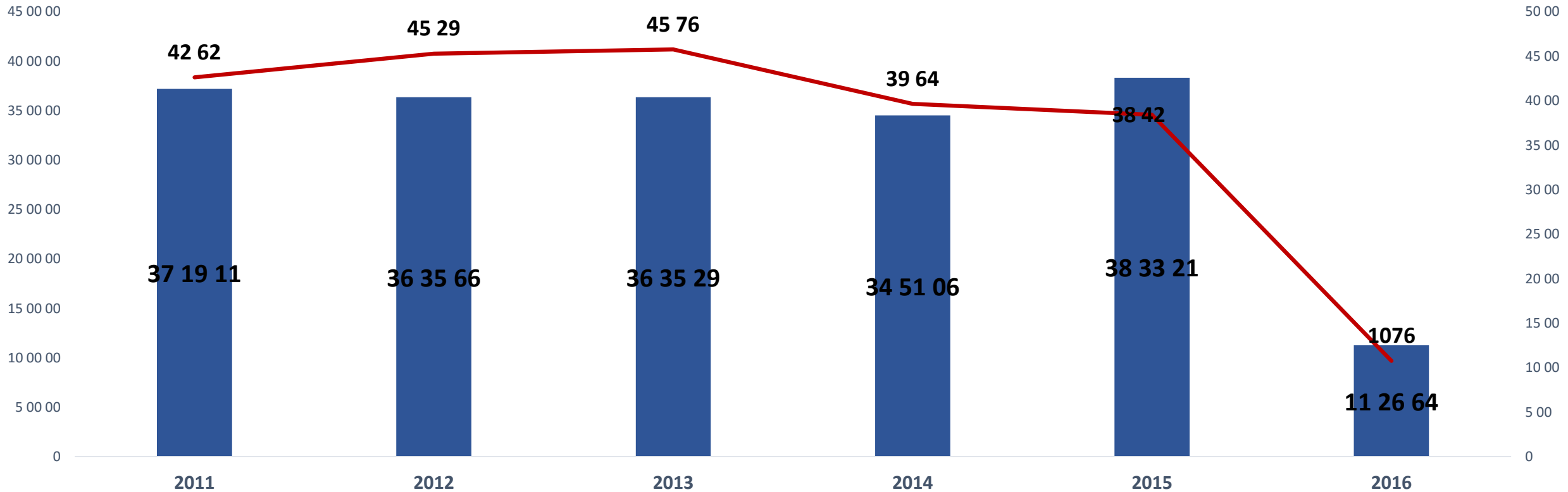


Passengers Flights

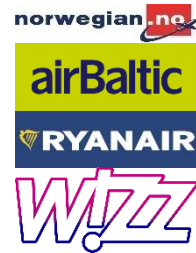
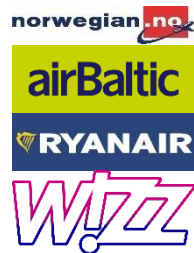


Norway traffic development 2011-2015

Regular traffic, Routes: Oslo/Gardermoen, Oslo/Torp, Oslo/Rygge, Bergen, Stavanger and Alesund

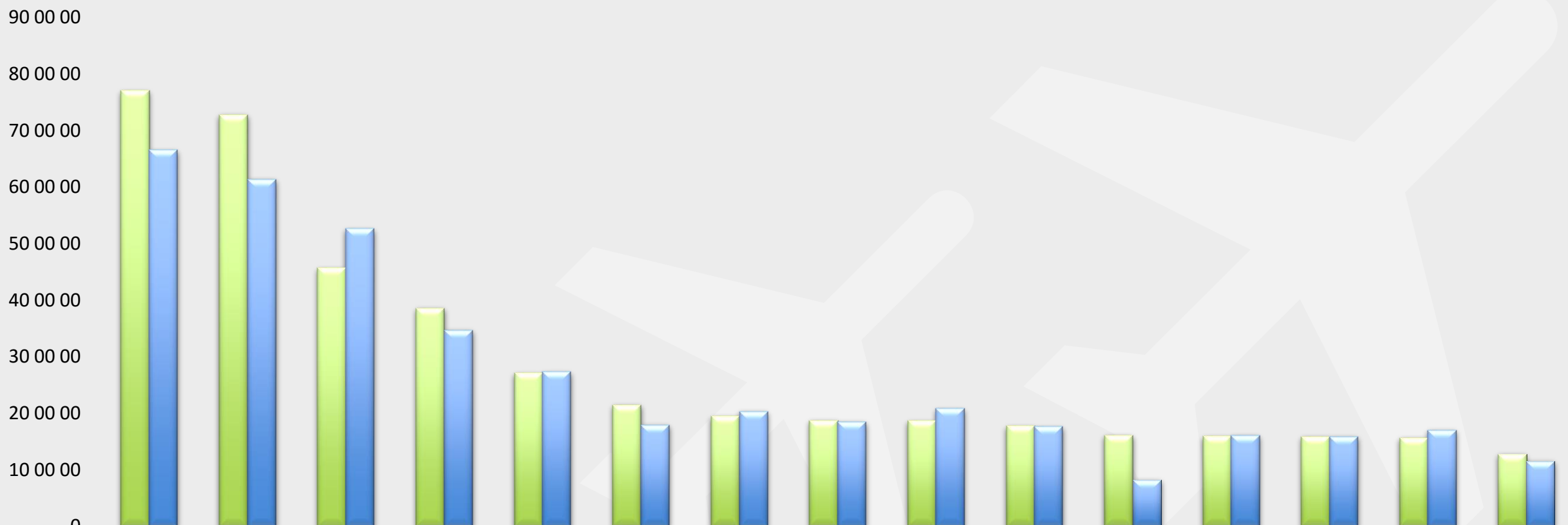


■ Passengers — Flights



Most Popular Destinations - Countries

Arriving and Departing Passengers – January – December 2015/2014



	Germany	Great Britain	Russian Federation	Norway	Finland	Sweden	Lithuania	Estonia	Italy	Denmark	Belgium	Netherlands	France	Turkey	Ireland
2015	77 053 8	72 808 9	45 721 4	38 568 6	27 113 4	21 475 7	19 464 2	18 702 7	18 646 8	17 757 4	16 062 2	15 943 6	15 882 5	15 667 3	12 785 2
2014	66 540 4	61 408 4	52 640 8	34 698 6	27 301 9	17 931 9	20 342 5	18 515 8	20 785 8	17 644 8	8 224 4	16 094 4	15 858 0	17 015 0	11 530 2