

CEO Report to the Consultative Committee

Friday 8th March 2018

Robert Sinclair

1. Business and Airline update

London City Airport has published its annual passenger figures for 2017, showing that over 4.5 million passengers used the airport last year.

Strategic decisions by some of our airline partners led to slower growth than we have experienced in previous years. The uncertain economic climate and Brexit has also had an impact; however 50% more passengers now use LCY than in 2012 – that's significant growth that has been sustained during challenging economic conditions.

We are very confident about the long term prospects of London City Airport and aviation in the UK and in London and expect growth to resume in 2018.

In total 4,511,107 passengers arrived to, or departed from, London City Airport in 2017, with strong growth on specific routes including Amsterdam, which saw a 16% year-on-year increase in passengers, becoming the airport's most popular route, thanks to the return of KLM in January 2017 and increased frequencies by Flybe.

The airport's Milan Linate services also performed well, jumping from the 10th busiest route to the 5th most popular, with a 37% increase in passengers, driven by the start of services by British Airways in April, joining the existing Alitalia operations.

There was also a 3% increase in passengers on the Frankfurt route, operated by Lufthansa and British Airways, and a 4% increase for Zurich operations by British Airways and SWISS Airlines, which introduced the Bombardier C Series in August.

London City Airport's newest airline – TAP Portugal – is to launch another route from LCY. The Portuguese flag carrier touched down at LCY in October, with its new Lisbon service, and this will be followed from 25 March 2018 with a six-times-per-week service to Porto, Portugal's second largest city.

Flights between Porto and London City will leave Francisco Sá Carneiro Airport at 12.05pm (TP354), arriving in London at 2.20pm, with the return flight leaving London at 2.50pm (TP353), arriving in Porto at 5.10pm.

2. Customer Update

London City Airport is set to launch its new website on Monday 5th March. The airport's website www.londoncityairport.com has been completely overhauled, with a new user-friendly design and content. The improved website puts customer requirements as its heart, allowing passengers to find what they need quickly and to view it easily on desktop, tablet or mobile.

3. Development Update

London City Airport has awarded a contract to BAM Nuttall for a new 75,000 m² concrete deck extension. The deck is an important first stage of construction, as part of the £480m City Airport Development Programme, supporting new infrastructure including aircraft stands, a parallel taxiway and a world-class passenger terminal extension.

The piling and decking contract value is approximately £85 million and BAM Nuttall is supported by its sister company BAM International. The work entails BAM extending the airport's concrete deck out over the King George V Dock supported by over 1,000 concrete piles with steel casings – each approximately 20m in length. Works on site will take place while the airport remains operational, and commence in spring 2018.

As part of the works to clear the dock bed ahead of the piling and decking contract, an unexploded ordinance (UXO) from WW2 was discovered on 11 February. This required the implementation of a 214m cordon around the device, which resulted in the closure of the Airport and the DLR station and required the evacuation of some local residents. The airport worked very closely with the Met Police, Royal Navy divers and London Borough of Newham (LBN) to safely remove and dispose of the device. Work clearing the dock bed continues and it is possible another device could be discovered.

4. Community and Environment Update

From a community perspective, in August this year London City Airport will be launching its community fund which will provide annual contributions of £75,000 for various community

projects. A board of trustees will be formed and will include the chair of the LCACC. Terms and conditions and process are being developed and will be shared.

From an environment perspective plastic straws are no longer available in any of London City Airport's food and drink outlets, and have been replaced with biodegradable paper straws, which will be provided upon request.

Until this new measure, approximately 100,000 plastic straws were distributed by London City Airport outlets each year, among a proportion of its 4.5 million annual passengers. The airport is the first in the UK to implement the ban, helping to reduce the amount of plastic waste.

5. Weather Disruption

During the week commencing 26 February, LCY experienced heavy snowfall and extreme weather conditions resulting from the "Beast from the East" and storm Emma.

The runway was closed on a number of occasions to allow for snow clearing and this resulted in considerable disruptions. Flights were also cancelled due to airports at the other end of the route being closed or experienced disruption. The staff and business partners at LCY did an excellent job in very difficult circumstances during this period.