

Improving Airport Non-Aeronautical Revenue Stream

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Mr. Sadiku A. Rafindadi

(Director, Commercial and Business Development, FAAN)



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INTRODUCTION



The Federal Airports Authority of Nigeria (FAAN) is an agency of the Federal Ministry of Aviation who depends on its internally generated revenues (IGR) from aeronautical and non-aeronautical sources to manage the 22 Airports under it. The aeronautical revenue sources relates to the planes or airside, while non aeronautical sources deal with businesses on land side and terminals.

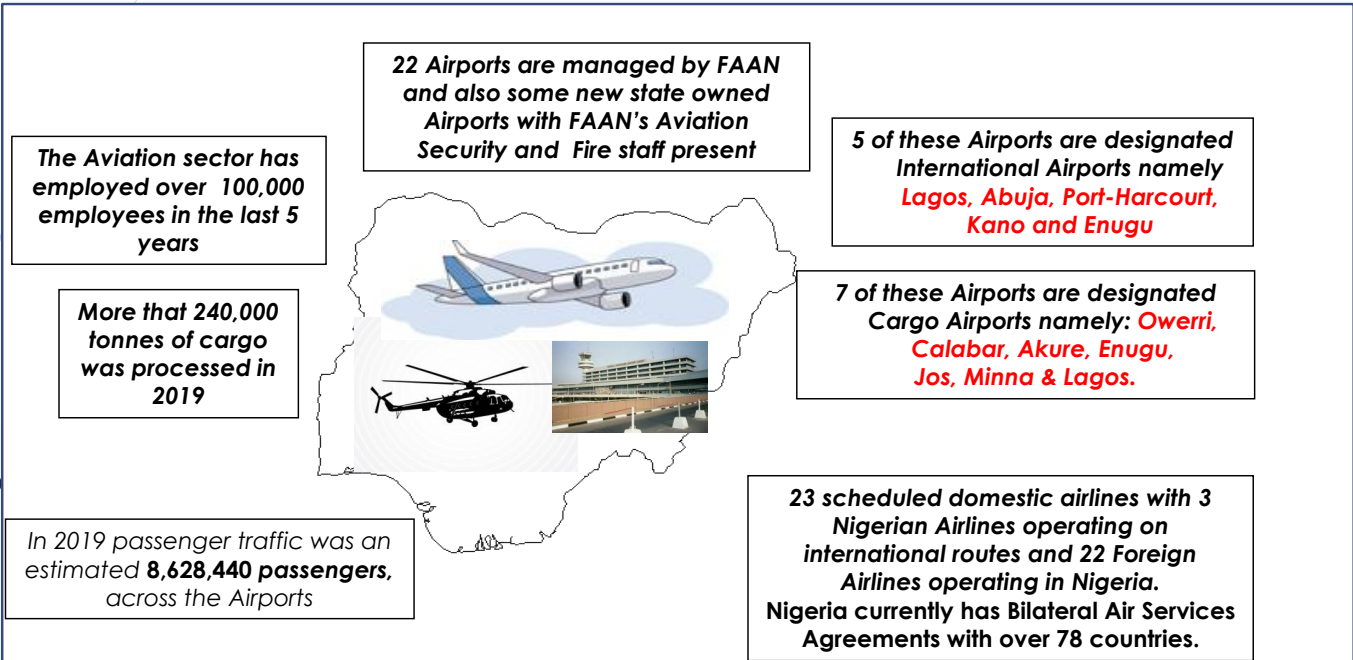
Many successful airports in the world depend more on non-aeronautical revenue sources arising from modern facilities and the provision of services that draw both travellers and non-travellers to the airports.

The emergence of COVID-19 impacted negatively on the revenue generated by businesses worldwide, with the aviation industry worst hit which led to banned flights, closure of airports, increased industry debt and severe loss of jobs.

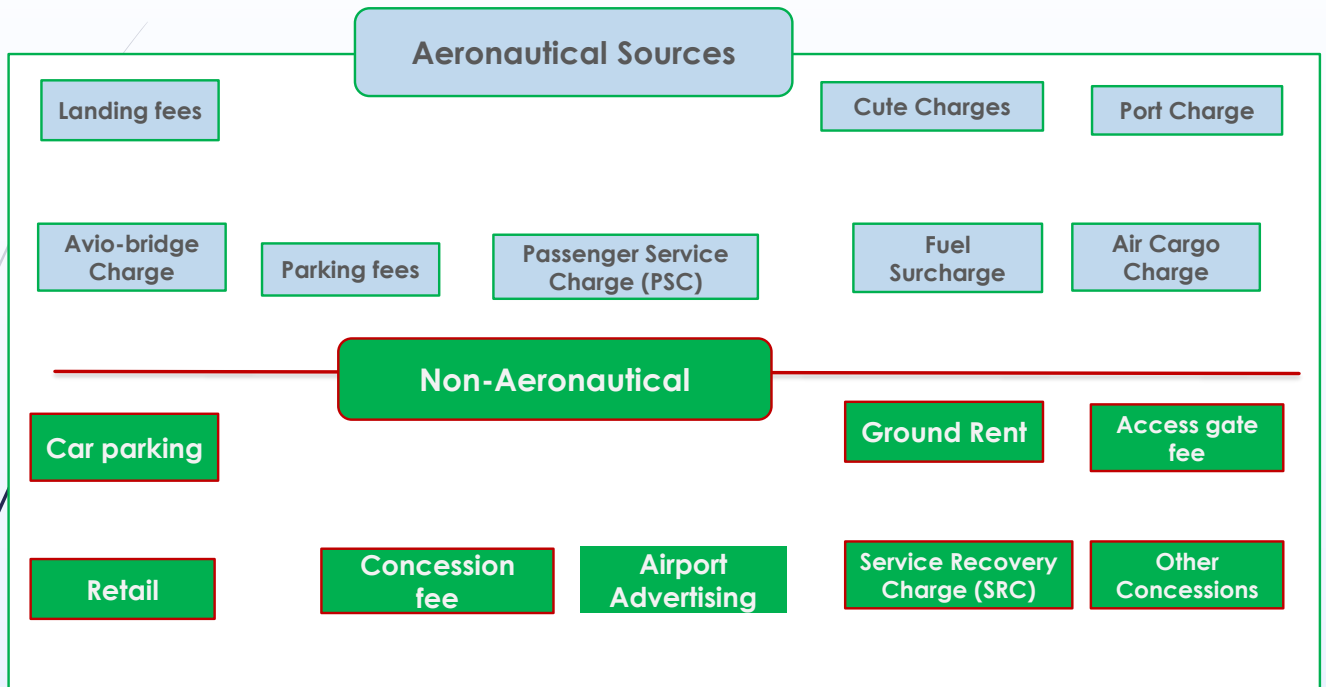
Airport Authorities worldwide are beginning to bridge the gap between aeronautic and non aeronautic revenue sources to prevent total reliance on the former, as it can be disadvantageous to any Airport, as evident in the way which the emergence of Covid-19 has drastically affected revenue generation in the Aviation Industry.

FAAN is positioning itself with the gradual recovery from the Pandemic by putting strategies in place to improve customer experience, maximizing the non- aeronautical potentials of the 5 new passenger terminals, designating 7 Airports as Cargo Terminals, MRO and addressing airport infrastructure gap in order to create an enabling environment for public Private Partnership.

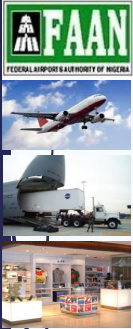
The Nigerian Aviation Industry – FACT SHEET



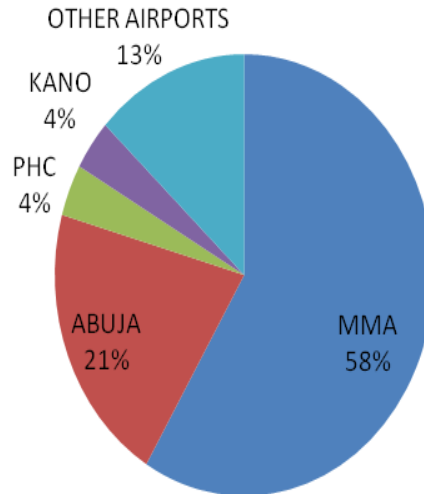
AIRPORT REVENUE SOURCES



CONTRIBUTION BY AIRPORTS



AIRPORT'S CONTRIBUTION TO REVENUE GENERATED JANUARY - DECEMBER 2020



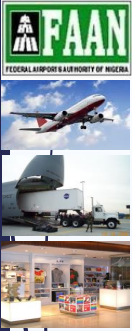
Among these 22 Airports, Murtala Muhammed International Airport, Lagos and Nnamdi Azikwe International Airport, Abuja contributes 79% to total revenue generated while other Airport Airports contributes 21%

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Bridging the gap and Building non-aero revenue-Aerotropolis



NEW PASSENGER TERMINALS TO FACILITATE GROWTH



More attractions for ground rentals, Hotels, Recreational centers, Golf courses, Shopping malls, Theme/Amusement parks etc.

The Nigerian Government has made significant investments to upgrade Airport infrastructures specifically with the completion of new International Terminals with ultra-modern facilities, at five (5) Airports (MMA, Lagos; NAIA, Abuja; MAKIA, Kano; PHIA Port-Harcourt and AllA, Enugu).

Abuja & PHIA already commissioned and the completion of other Terminals will bring additional capacity of **15 million** more passengers.

The new terminals shall open up potentials for tourism, businesses and effective use of Bilateral Air Service Agreement (BASA) within partnering Countries.

The terminals provide more space to cater to passenger preferences, exciting Retail facilities, Duty free Shops, food and beverage outlets, Advertising, Car parking etc.

AIR CARGO



*Cargo planes fly into Nigeria **full** and fly out **empty**.*

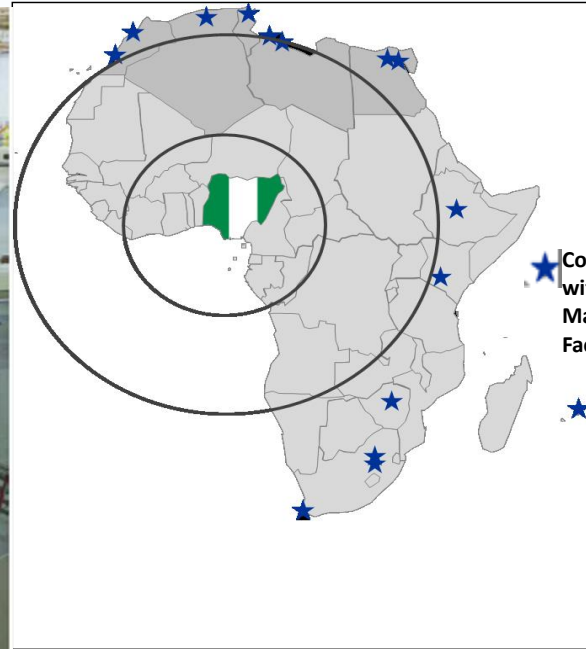
The Government has designated 7 Airports Terminals across the country. *These designated Cargo Terminals are **Lagos, Calabar, Minna, Owerri, Enugu, Jos & Akure Airports***

Nigeria has abundant agricultural resources. Our fertile land and abundant water resources means Nigeria can quickly become a net exporter of fruit, vegetable and horticultural produce.

Our strategy of having regional terminals will mean goods are transported from production to export centers in a significantly shorter period of time



FAAN is partnering with the State Governments to promote investment in Airport infrastructural/ Cargo Terminals and facilities that promotes Air cargo operation at the Airports e.g Ikom Airport, Owerri Cargo Terminal and the newly commissioned Anambra Cargo Terminal.



★ Countries with Aircraft Maintenance Facilities

Nigeria will achieve improved efficiency and safety standards through the domestication of Maintenance Repair and Overhaul (MROs) Facilities and Aeronautical Spare Parts Stores

Car parking/Access gate



Car parking and access gate incomes are among the top contributors to non-aeronautical revenues in most Airports worldwide. FAAN is automating all its Airport Car Park, building new ones at MMA, Lagos, NAIA, Abuja and PHIA for optimum service delivery and revenue generation.

Advertising

Current revenues from advertising can be fully optimized by identifying new advertising spaces currently under-utilized or unused spaces, indoor and outdoor opportunities which are considered Above-the-line(ATL). The below-the-line opportunities includes but not limited to floor branding, queue panel branding, trolley branding, security tray branding, escalator branding, bus stop, lamppost etc

MEDICAL TOURISM

According to the National Association of Resident Doctors (NARD), about N576 billion (\$1.2 billion) is lost to medical tourism yearly in Nigeria,

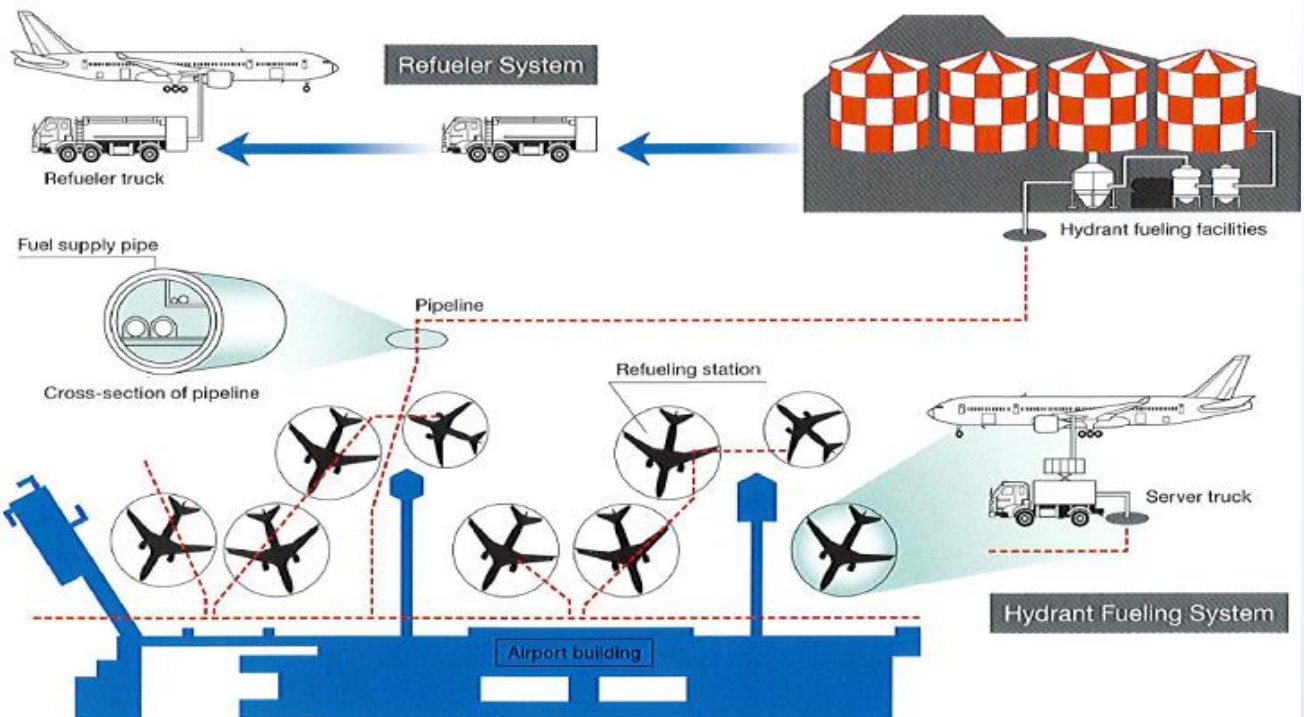
The Best medical Cluster will service Medical Tourists and provide opportunities to foreign Hospital/Pharmaceutical companies to establish locally

In addition to our Airport clinics been commercialized, FAAN is designating some land area at the Airports to harness this Non-aero opportunity



The proposed fuel hydrant facilities at MMA, Lagos and NAIA, Abuja will minimize risk and cost of Jet A1 fueling

Aviation Fuel Supply System



AIRPORT SCENARIOS



Munich, Changi and Atlanta Airports are example of Airports that generates above 50% of their overall revenue base from non-aeronautical businesses.

Nigerian Government is focussed on building some non-aero infrastructures, such as MRO, leasing company in addition to the completed cargo and passenger terminals to further boost the non-aero streams.

Munich Airport is the second-busiest airport in Germany in terms of passenger traffic after Frankfurt Airport, and the Ninth Busiest Airport in Europe, handling 47.9 million passengers in 2019. It is the world's 15th-busiest airport in terms of international passenger traffic.

The non aeronautic revenue sources from visitors and passengers through shopping, business, and recreation area that connects the terminals, airport hotel, Visitors Park, Car park, viewing centers are huge revenue spinner for Munich Airport. That makes up about 50% of their total revenue

Hartsfield–Jackson Atlanta International, Atlanta has been the world's busiest airport by passenger traffic and by number of landings and take-offs every year since 2005 except for 2014 and 2018 accommodating 100 million passengers (more than 260,000 passengers daily). Hartsfield–Jackson is also the home of Delta's Technical Operations Centre, which is the airline's primary maintenance, repair and overhaul(MRO) arm, which is what we are trying to establish in Nigeria too.

In 2018 **the Airport generated 147.6 million U.S. dollars in parking revenue alone** making it a key source of non aeronautical revenue at the world's busiest airport.

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CONCLUSION



- ▶ Nigerian Airports have enormous potentials for high gross earnings if well harnessed, each Airport have their peculiarity in terms of tourism, agriculture, mining and aerotropolis to better improve their viability.
- ▶ The Federal Airports Authority of Nigeria (FAAN) is reoriented to increase the share of non-aeronautical activities from the usual below 30% to at least a 40% of its total revenue by focusing on Investments in Airport infrastructures and technology solutions to drive cost optimization, creating enabling environment & improving non aeronautical revenue streams
- ▶ Nigerian Airports have the ability to grow their non aero revenue considering the geographical location of the country as a hub, the available land, climate , competition, consumer demand(population).
- ▶ With the vast land available at our Airports for business, FAAN is open to Foreign Direct Investments(FDI) and partnership with corporate organizations on different PPP business models through BOT, JVs and Concessions to explore opportunities for improved non aeronautic revenue streams.

THANK YOU



FEDERAL AIRPORTS AUTHORITY OF NIGERIA

