



# Going green

## Working in a sustainability context ?

*Prepared for the **18th Florence Air Forum**: Towards Resilient and Sustainable Aviation - Implications for Competition & Competitiveness*

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**Vasiliki Christidi**, Group General Manager Aviareps Hellas SA

# Of Risk & Opportunity for a **competitive** future

- ✔ Greece's geography, incoming tourism growth and lack of alternatives made air connectivity central contributor of growth
- ✔ Competition in Greek aviation market increased domestic connectivity, lowered prices and increased consumer choice despite financial crisis and a decade of austerity measures
- ✔ **Domestic destinations opened to competition since 2016 for the first time in decades**
- ✔ **Tourism counts for around 20% of GDP (in 2019) in Greece & Aviation is central**
- ✔ Global sector growth pre-Pandemic made timely access to manufacturers' order books very difficult for regional carriers
- ✔ **Global pandemic economic slow down ALSO opened a window of opportunity**
- ✔ **Regional connectivity** was critical and regional airlines remained operational
- ✔ **Access to new technology aircraft and slots at central airports became feasible** for airlines that needed the opportunity and

embraced the risk

# Of options & opportunity for a **greener** future

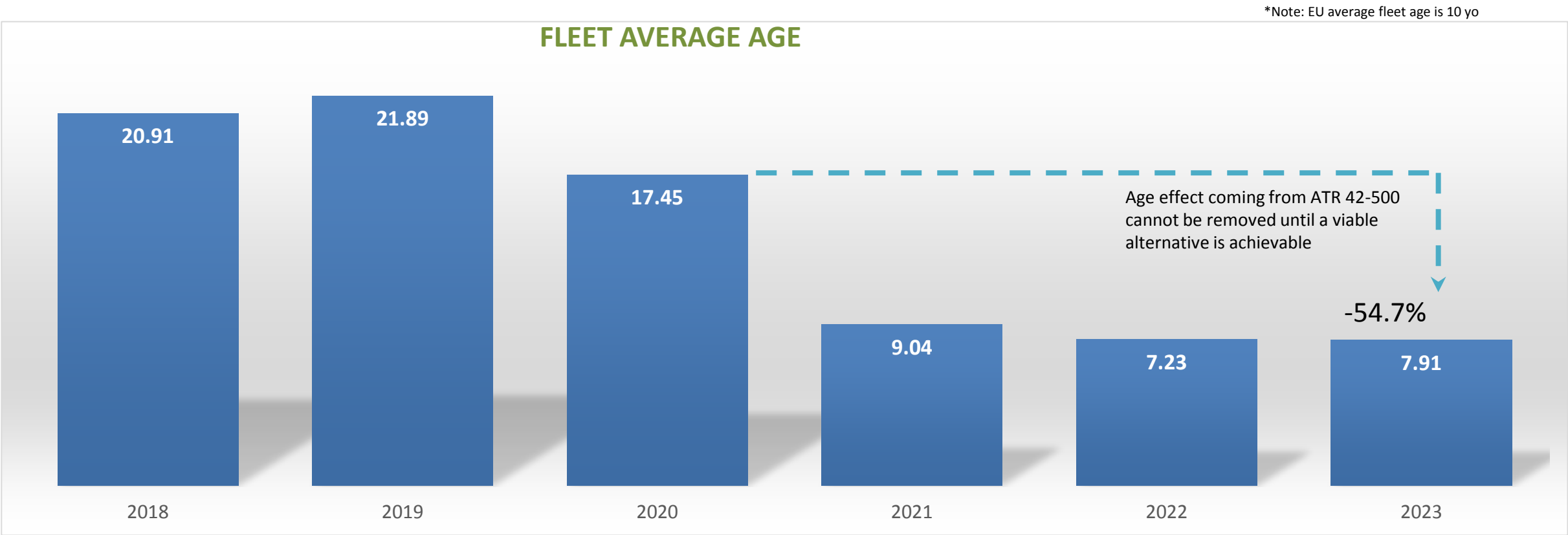
- ✔ SKY express invested own capital to increase its competitive position during the pandemic
- ✔ No free CO2 allowances made a compelling argument for the investment direction to new technology aircraft
- ✔ **Between 2020-2021 SKY acquired readily available eco-friendly aircraft** (both turboprop for domestic operations as well as jet for the first development of an international network).
- ✔ ATR -600 **fit for domestic operations** (Greece's geography, narrow island runways), **maximum fuel efficiency, Reduced emissions** of CO2 and NOx, **-50% reduced noise footprint.**
- ✔ Airbus A320neo fleet powered by **CFM LEAP 1A engines**, with verified fuel efficiency & reduced Nox
- ✔ During the pandemic SKY express remained the **fastest growing airline in Greece** with the youngest and greenest fleet
- ✔ SKY express remained committed to the local communities



Refleeting for a greener future | Blue-fuchsia is the new green!



# Refleeting for a greener future | Greece's greenest fleet is the youngest, too!



REFLEETING 2020-2023

# 2022 NETWORK | 34 domestic & 24 international destinations already in just one year



## THE LARGEST NETWORK IN GREECE

- |                   |               |                  |
|-------------------|---------------|------------------|
| 1. Athens         | 13. Kefalonia | 25. Rhodes       |
| 2. Alexandroupoli | 14. Kithira   | 26. Samos        |
| 3. Astypalaia     | 15. Kos       | 27. Santorini    |
| 4. Chania         | 16. Kozani    | 28. Sitia        |
| 5. Chios          | 17. Limnos    | 29. Skiathos     |
| 6. Corfu          | 18. Leros     | 30. Skyros       |
| 7. Heraklion      | 19. Milos     | 31. Syros        |
| 8. Ikaria         | 20. Mykonos   | 32. Thessaloniki |
| 9. Kalymnos       | 21. Mytilene  | 33. Zakynthos    |
| 10. Karpathos     | 22. Nasos     | 34. Volos        |
| 11. Kasos         | 23. Paros     |                  |
| 12. Kastoria      | 24. Preveza   |                  |

## FRANCE



1. Paris CDG
2. Nantes
3. Lyon
4. Lille
5. Marseille

## UK



1. London Heathrow

## BELGIUM



1. Brussels

## CYPRUS



1. Larnaca

## ITALY



1. Rome

## NETHERLANDS



1. Amsterdam

## ROMANIA



1. Timisoara

## PORTUGAL



1. Lisbon

## POLAND



1. Poznan
2. Warsaw
3. Gdansk
4. Rzeszow Jasionka

## ESTHONIA



1. Tallin

## DENMARK



1. Copenhagen
2. Billund

## We don't fly alone | Interline partnerships strength

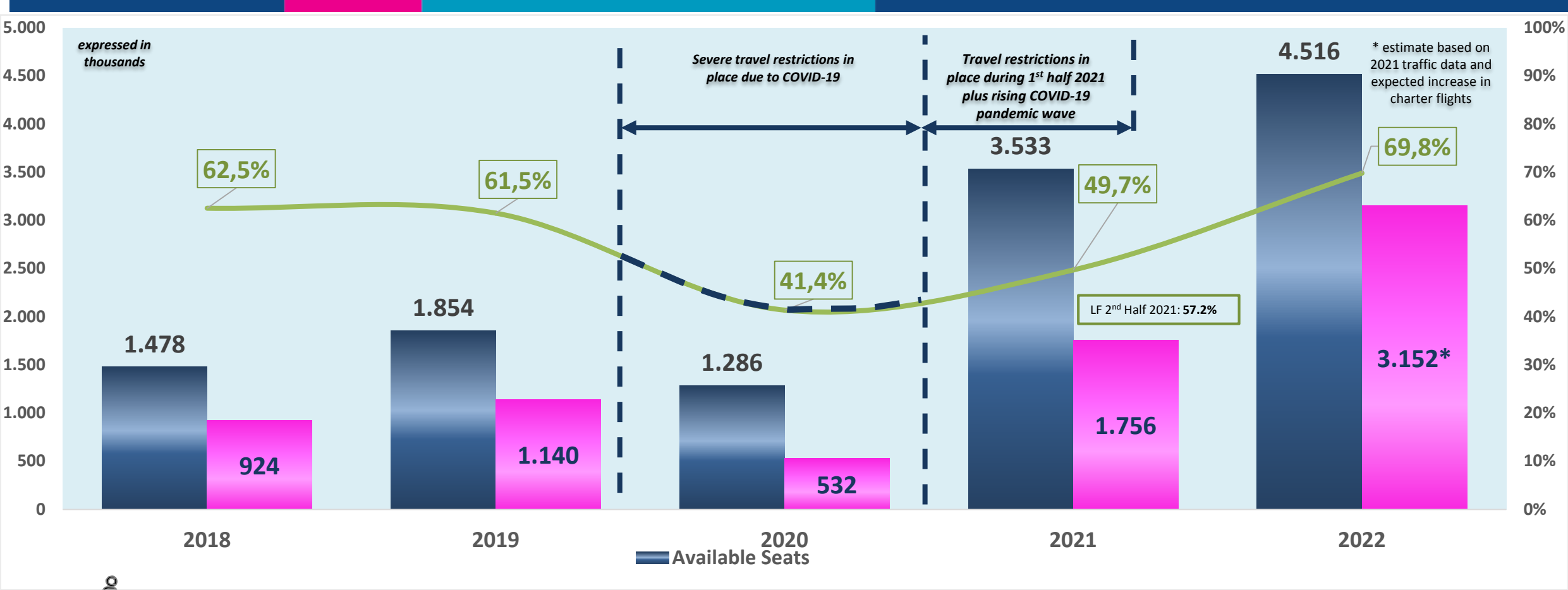


In the Pipeline



More to follow!

# Our growth in numbers



Passengers



AVS

x2.8 estimated traffic growth from 2019 to 2022

x2.4 projected growth in fleet capacity from 2019 to 2022



# Is it enough? | When going green doesn't mean being sustainable

- ✔ **PSO routes** are paramount for connectivity and support of the tourist sector and the economic prospects of the regions, but additional investment is not sustainable
- ✔ **SAF is only book & claim** ... additional cost cannot be absorbed by airline or paid by customer especially in PSO network where fares are capped at a maximum 4 years in advance
- ✔ No real alternative to connectivity in Greece and for big islands to support regional growth
- ✔ **Maximum operational efficiency is already measured, reported and validated** but we are the only one paying for CO2 emissions – We fly the **perfect green flight** by all measurements
- ✔ **Hydrogen retrofit** is explored as an alternative but cost is an issue again
- ✔ **Green washing from OTAs price comparisons** without real oversight are a potential threat to regional airline efforts as is the upcoming **environmental labelling** proposal



BY FLYING WITH US,  
YOU HELP MAKE  
EVERYONE'S VIEW  
A LITTLE GREENER.

**NEW AIRCRAFT.  
LESS EMISSIONS.**

# And what about competition



## The Ff55 Package represents significant costs for the EU Aviation sector

- EU ETS – applies only to EEA airlines
- Energy taxation directive – applies only to EEA airlines
- ReFuel EU – applies to all departing flights from EU airports, carriers operating in non-EU airports will have an advantage – will there be a case of cross subsidisation for those airlines that can then compete intra-EU?



## High costs will be borne mainly by AOs operating intra-EEA → competitive distortion vs extra-EEA flights



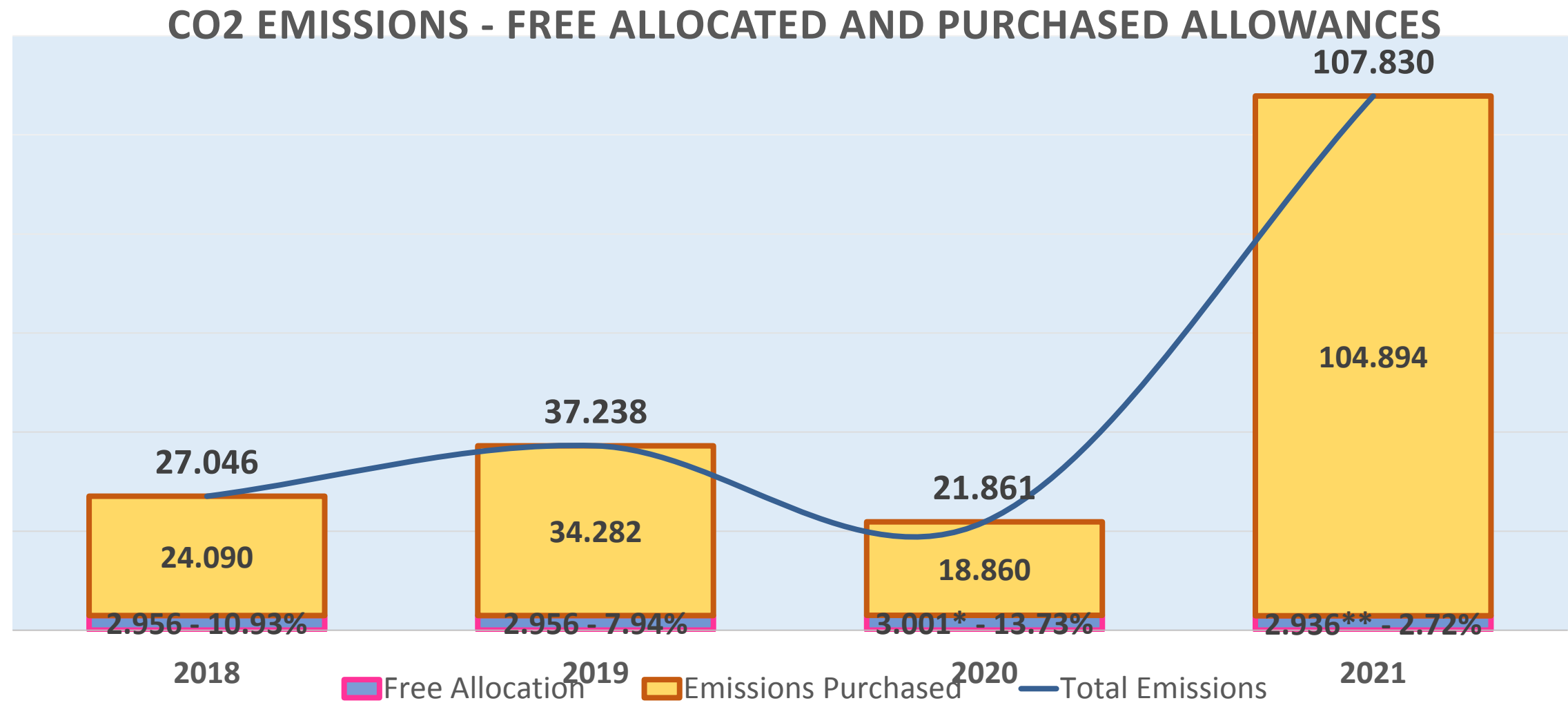
## Higher costs could lead to “carbon leakage”

PAX will fly to destinations outside the EU as flights will be less expensive  
Negative environmental impact



## Necessary to set a policy framework that







Lowers the price of SAF  
Supports R&D and  
Enables fleet renewal (EU Taxonomy)



*\*in 2020 absolute number of free allocated allowances slightly increased due to EU ETS linkage with Swiss ETS*  
*\*\* Linear Reduction Factor 2.2%*

# EU ETS Distortions | Special Reserve for fast growing AOs (article 3f) – Inactive since 2015

## Article 3f – Directive 2003/87/:

-  Regulator's provision for new entrants and fast growers intended to ensure level playing field among AOs, applying special criteria (18% increase in TKM activity).
-  Activated only once for fast growing AOs (2015) and ad hoc for new entrants.
-  Special Reserve will remain inactive at least until 2023 or until the legislative result (if any) of the review further to Article 28b - whichever is earlier.
-  Phase IV started in 2021 keeping in place distortion in competition, as until 2023 (or until the review, whichever is earlier) Articles 3e and 3f are suspended, meaning that free allocation will not be recalculated, free allocation and special reserve applications respectively will not be honored, and Aircraft Operators will receive the same amount of allowances they receive currently (SKY Express free allocation is based on 2012 TKM data).
-  Taking into account that our main competitors receive on average more than 50% of free emission allowances (for 2020 they received more than the actual emissions), distortion is persistent
-  Growth and competitiveness are punishable and traditional market players can keep on polluting for free.





# Going Green on the ground | Our sustainability pledge



Our group company and ground handling partner equally invested for

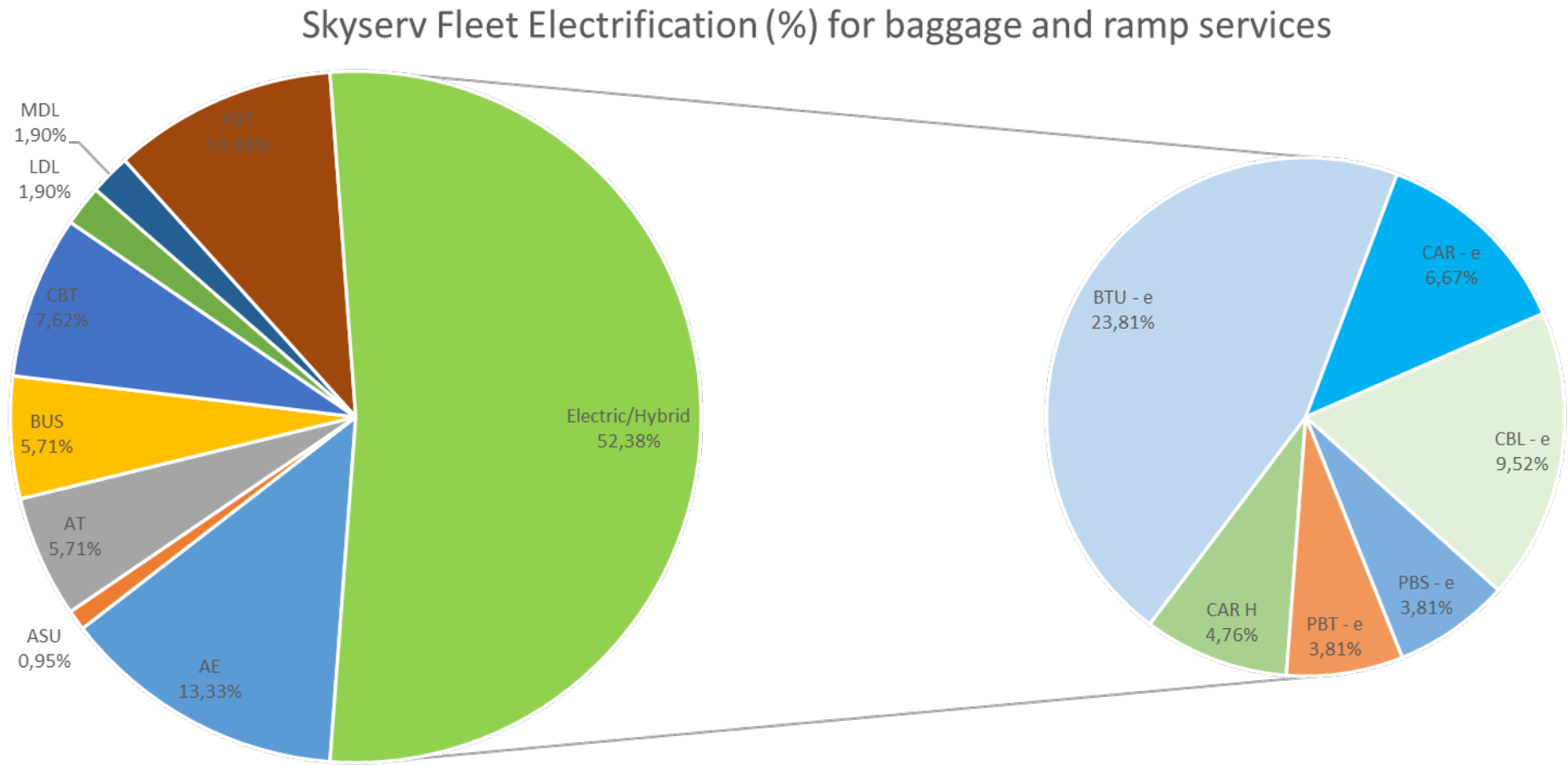


- 🌱 Drastic Fleet Renewal based on IATA's AHMs 1001-1005 (going from 14.9y to 2.2 years fleet age)
- 🌱 Mitigating unabated emission through offsetting units
- 🌱 Mapping Scope 3 Corporate Value Chain CO<sub>2</sub> emissions by implementing GHG Protocol and verifying Scope 1 and 2 CO<sub>2</sub> emissions under the same  GREENHOUSE GAS PROTOCOL
- 🌱 Ground Handling should be included in ACI's ACA – Important partner for Net Zero Airports 

**Serving airlines ramp | pax | cargo operations in 37 commercial Airports of all size in Greece and 2 in Cyprus**



# Going Green on the ground | Electrification achieved in 2022



## Sustainability Challenges for ground handling | Industry social capital at risk



- 🌱 Limited ability to attract talent in the industry
- 🌱 Seasonality and geography is adding to the problem – Wage inflations
- 🌱 Investment window for ground handlers is time limited and doesn't coincide with infrastructure readiness at airports - effecting deployment of green investments
- 🌱 Affordable housing of employees is a crisis waiting to happen - As employer we supply employee housing to support operations at ever increasing cost
- 🌱 Cost will inevitably increase



Thank you!

