



ISAVIA

Keflavik International Airport
— Passenger forecast 2018



Passenger forecast Keflavik International Airport 2018

- A significant increase in the number of transfer passengers
- The increase in arrivals and departures seems to be levelling off
- Seasonal fluctuations continue to decrease

Isavia has, over the last few years, prepared a detailed forecast at the end of each year of the number of passengers passing through Keflavik Airport. The forecast is based on information about time slots allocated to airlines, as well as information about seat availability, which major airlines have been very co-operative in providing. The forecast for 2018 shows a continued significant increase in passengers passing through Keflavik Airport. The greatest increase is in the number of transfer passengers using the airport as a stopover between Europe and North America. The increase is lower amongst arrivals and departures, although this percentage is still considerably higher than the average in surrounding countries. Passenger distribution over the year continues to improve, and the increase over the winter months is very positive. In addition, the number of airlines that fly to Keflavik International Airport year round continues to increase. The biggest news in the forecast for 2018, however, is that the number of transfer passengers is rising rapidly and that the increase in the number of tourists coming to Iceland seems to be stabilising.

When creating passenger forecasts for Keflavik Airport, the following methodology is used:

Co-operation — Airlines using Keflavik Airport were contacted for information on their expected seating capacity.

Information gathering — Isavia’s experience and knowledge is used to improve the first drafts.

Facts — Booking data and information from Keflavik International Airport’s flight information system is used to refine the forecast.

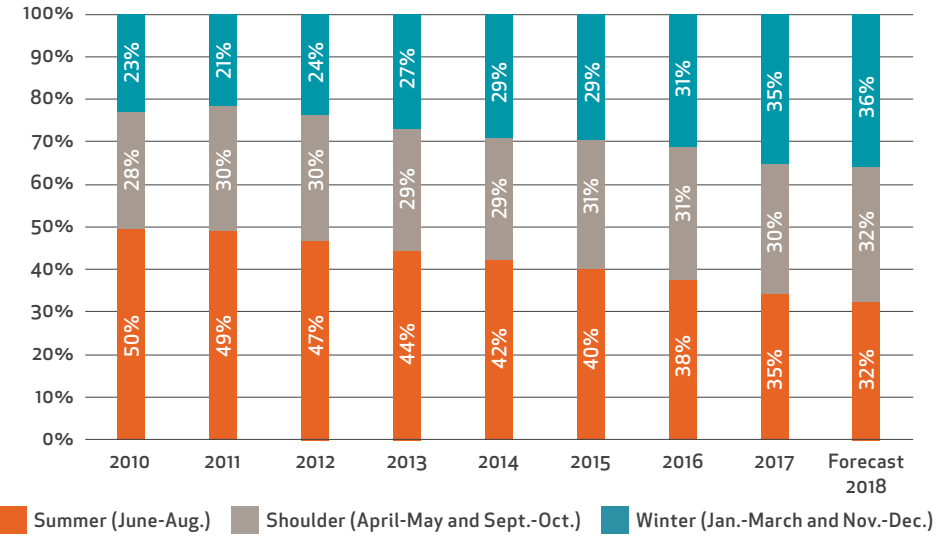


The number of transfer passengers through Keflavik Airport increased proportionally the most.

Passenger numbers 2017

An examination of the forecasts made in 2017 compared to real numbers shows that the difference is very small, and it is clear that the forecast is very reliable. This has usually been the case with Isavia’s one-year passenger forecasts, as they are based on good data and created in close co-operation with the airlines. The main issues that have generally skewed the forecasts are unexpected changes by airlines, for example if they suddenly add more or larger aircraft to their fleet. It is likely that 2017 will end with 8.8 million passengers, an increase of 29% since 2016. Isavia’s passenger forecast predicted 8.75 million, and therefore, the difference between forecasts and real numbers is only around 0.26%.





Icelandic passengers

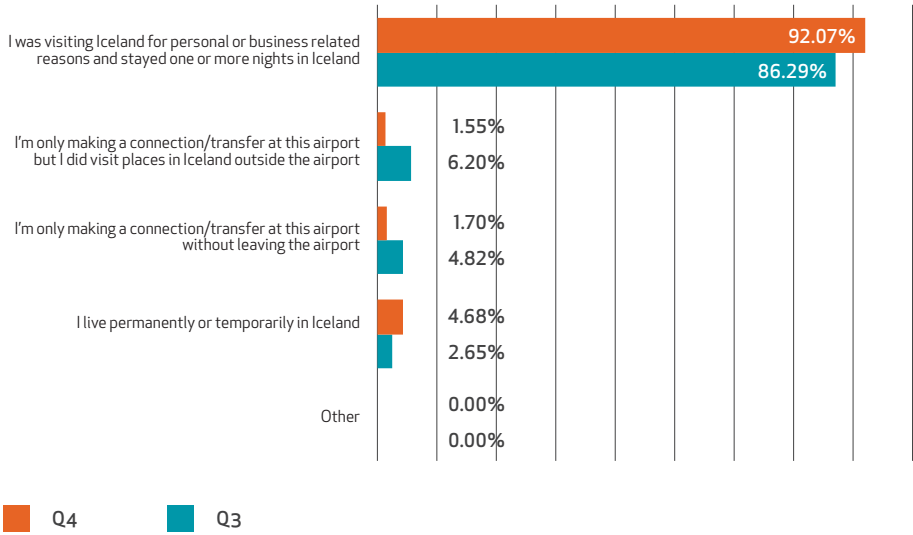
According to the figures of Isavia and the Icelandic Tourist Board for departing passengers from Keflavik Airport, travel undertaken by Icelanders has increased by 16% during the first ten months of 2017 when compared to 2016. For 2017, we forecast a 15% increase in the number of Icelanders travelling, around 615,000. The increase is expected to continue next year, but the rate of increase will decrease slightly to around 8% and the number of trips to approximately 666,000.

International passengers

During the first 10 months of 2017, 1,915,000 foreign passengers have travelled to Iceland through Keflavik International Airport, an increase of almost 27%. If predictions are realised throughout the year, we expect that the total number will be about 2,254,000. This is very close to Isavia’s forecast for 2017, with an estimated total of 2,240,000 foreign tourists expected. For 2018, a continuing increase of around 11% is expected. It is estimated that the greatest increase will remain during the winter and in the spring and autumn, with only a slight increase during the peak season of June, July and August, or about 4%.

With a targeted effort and incentive system, it has been possible to increase the number of passengers outside of the summer season.

Results of Isavia’s survey on the number of self-connect passengers.



Self-connect passengers and foreign employees

With an increasing number of destinations and airlines using Keflavik Airport, there are increasing opportunities for passengers to connect between Europe and North America in unconnected flights, namely passengers who book flights with two airlines who are not on the same flight ticket and pick up their checked baggage in Keflavik and then re-check in with another carrier from Keflavik Airport. These persons are therefore not registered in the Isavia system as transfer passengers but as arrivals and departures passengers; they have been called self-connect passengers. As the passenger count by Isavia and the Icelandic Tourist Board is carried out before the security check, the number of self-connect passengers skews the nationality count and means that they are counted more than once. In addition, foreign workers working in Iceland can skew the estimate in the number of foreign tourists. To try and define this number, Isavia conducted two surveys in August and November. See picture above that shows the results.

According to the surveys, there were about 4.8% self-connect passengers in August and about 1.7% in November that must be taken into account and deducted from the number of tourists coming to Iceland. Isavia plans to do the same survey in February and May 2018 in order to understand how many self-connect passengers there are each year. If the results of these two surveys are taken and extrapolated for the whole year, the rate for the winter months is 1.7%, the high season (June, July and August) is 4.8% and in May and September 3%, then this number could be about 70,000 passengers over the year.

Regarding foreign workers in Iceland, the survey shows that in August, around 2.65% of foreign passengers travelling through the airport were living/working in Iceland, but in November, this proportion was 4.68%. It is therefore clear that this number should be taken into account when estimating the number of foreign tourists. Further surveys would need to be made to assess this number throughout the year.

Passenger forecast Keflavik International Airport 2018

Aircraft operators' intentions

Next year, four new airlines will launch scheduled flights from Keflavik International Airport. Two of America's largest airlines will fly daily, American Airlines from Dallas and United Airlines from Newark, New York. In addition, the airline S7 will start flying to Moscow, and Luxair will fly once a week to Luxembourg.

In addition, Icelandair and WOW will be adding new destinations next year. These include new cities such as Cleveland, Dallas and Cincinnati. A total of 29 airlines will have scheduled flights from Keflavik International Airport next summer, and the number of destinations available by direct flight will be 101.



Disclaimer

The passenger forecast for Keflavik International Airport in 2018 is based on analysis and assessment of factors that affect passenger demand for flights to and from Keflavik International Airport as well as estimated availability of airlines for the coming year.

The assumptions made based on the forecast can change with relatively short notice and should therefore be taken with the proviso that the current forecasts of airline companies are met.

The contents of the passenger forecast may not be published in whole or in part without the consent of Isavia.

Appendix 1

Actual												Passenger Forecast 2017				Increase
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total			
Departures	172,656	183,430	207,492	207,216	198,405	285,266	337,885	336,777	267,761	243,505	221,465	210,833	2,872,691			24.7%
Arrivals	162,796	188,201	208,446	213,793	216,022	309,041	368,425	341,916	253,916	241,776	218,258	221,365	2,943,954			27.0%
Transfer	158,379	115,281	167,221	197,527	245,097	335,770	393,653	402,716	347,386	244,282	177,904	196,077	2,981,293			35.5%
Total	493,831	486,912	583,159	618,536	659,524	930,077	1,099,963	1,081,409	869,063	729,563	617,627	628,275	8,797,939			29.0%
Increase	70.0%	50.1%	44.8%	61.7%	22.8%	21.8%	22.2%	20.9%	23.9%	18.7%	24.4%	22.1%	29.0%			

Actual figures for Keflavik Airport from January–October 2017 and forecast for November–December 2017.

Passenger Forecast 2018														Increase
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Departures	204,418	215,005	237,142	227,494	248,826	302,417	352,465	354,791	289,274	256,843	237,427	241,074	3,167,177	10.3%
Arrivals	193,766	220,796	240,154	222,393	268,169	326,908	379,335	359,048	278,261	254,769	235,068	263,467	3,242,135	10.1%
Transfer	206,479	142,954	200,478	222,751	381,973	497,660	524,182	517,055	463,444	334,270	237,583	243,140	3,971,969	33.2%
Total	604,663	578,755	677,773	672,639	898,968	1,126,985	1,255,982	1,230,894	1,030,980	845,882	710,079	747,681	10,381,281	18.0%
Increase	22.4%	18.9%	16.2%	8.7%	36.3%	21.2%	14.2%	13.8%	18.6%	15.9%	15.0%	19.0%	18.0%	

Passenger forecast for 2018 per month

Appendix 2

Icelandic passengers														Increase
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
2017	37,291	35,161	40,877	62,173	51,719	62,234	62,483	53,732	57,157	59,300	49,425	43,929	615,481	14.8%
2018	41,020	38,325	52,323	57,199	58,960	71,569	69,981	60,180	54,299	59,893	55,356	47,444	666,549	8.3%
Increase	10.0%	9.0%	28.0%	-8.0%	14.0%	15.0%	12.0%	12.0%	-5.0%	1.0%	12.0%	8.0%	8.3%	

International passengers														Increase
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
2017	135,999	148,343	167,806	153,568	145,980	221,845	271,920	284,124	203,886	181,919	172,040	166,904	2,254,334	27.5%
2018	163,398	176,680	184,819	170,295	189,867	230,848	282,484	294,612	234,975	196,950	182,071	193,630	2,500,628	10.9%
Increase	20.1%	19.1%	10.1%	10.9%	30.1%	4.1%	3.9%	3.7%	15.2%	8.3%	5.8%	16.0%	10.9%	

Forecast for 2018 of Icelandic and foreign departure passengers per month.

