

“Management Trends of Regional Airports”

AAAE Conference, Athens, October 2008



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- 2. Comparison between Hubs and Regional Airports**
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Overview of Airports International

Airports International (previously Meinl Airports International)

Dedicated airport investor with the vision to become one of the leading players in the European airport market.

Common Mission

Create the highest possible value for investors and partners by taking a unique approach to each airport project.

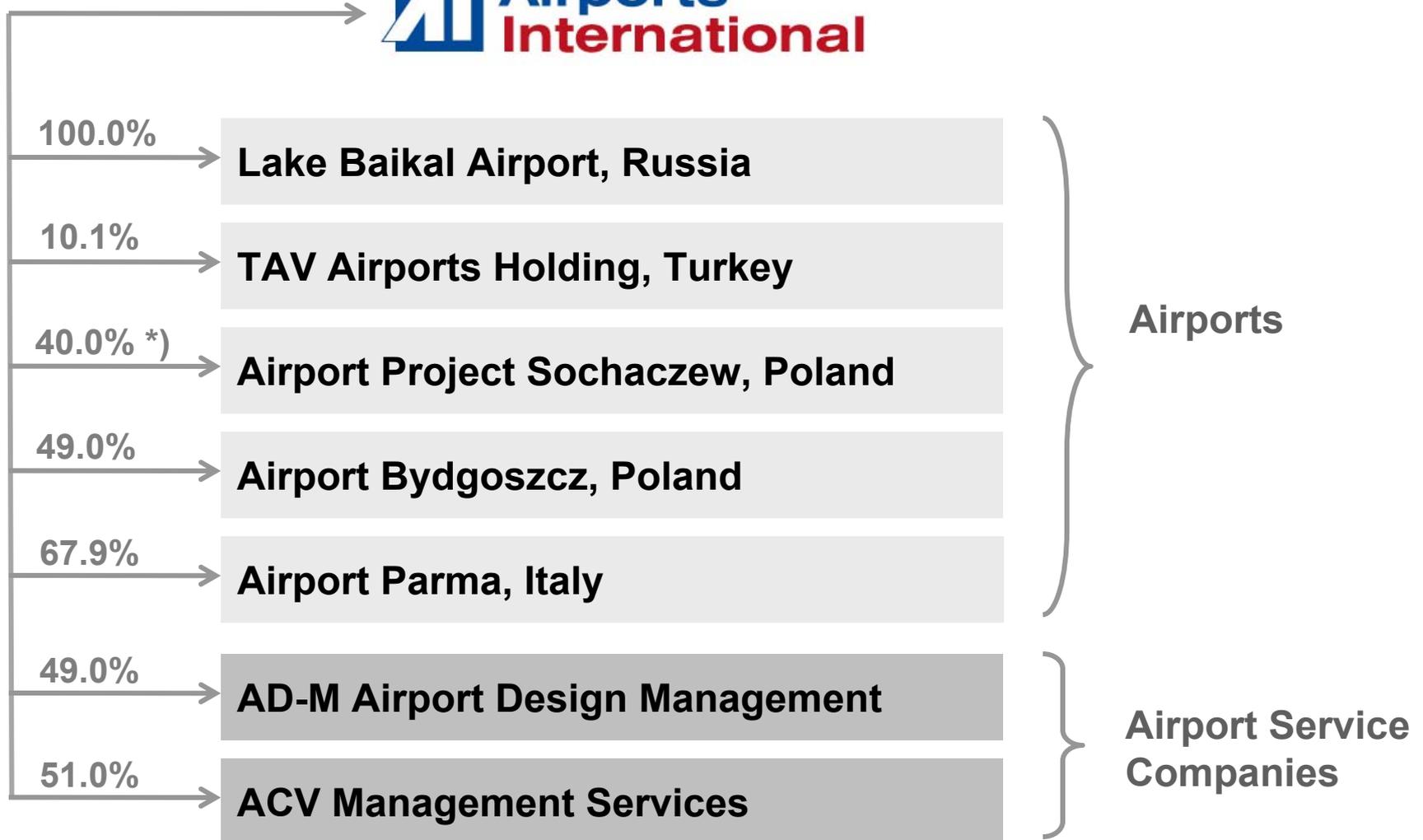
Optimise the development of each individual airport within its geographical and market context.

Provide not only strong financial support but, more importantly, proven industrial skills and know-how transfers.

- **Group benefits from the long-term experience of its key management and experts in the aviation market, particularly in Central and Eastern Europe**
- **Central and Eastern European region offers potential for fastest growth in demand for modern airport infrastructure**



PORTFOLIO OVERVIEW



*) intended to increase to 49%



Comparison between Hubs and Regional Airports

AIRPORTS “TYPES” AND CHARACTERISTICA

	Key Characteristics	Airline situation
Intercontinental Hubs	<ul style="list-style-type: none"> High share of transfer traffic Large catchment area PAX in excess of 40M 	<ul style="list-style-type: none"> Main hub of major international airline Strategic role in alliance
International Hubs	<ul style="list-style-type: none"> Lower share of transfer traffic Large catchment area PAX in excess of 20M 	<ul style="list-style-type: none"> Main hub of long-distance airline or secondary hub of major airline Subordinate/niche player in alliance
Regional Hubs	<ul style="list-style-type: none"> Low share of transfer traffic Sizeable catchment area, but often overlapping PAX around 10M 	<ul style="list-style-type: none"> Main hub of regional airline or secondary hub of major airline Subordinate role in alliance
Regional Airports	<ul style="list-style-type: none"> No transfer traffic Smaller/remote catchment area Thin trunks Final Destination 	<ul style="list-style-type: none"> Regional Airlines Low Cost Carrier Point to point

Different Airport types – Traffic growth (1999-2006)

Airport type	Passengers	Average growth p.a.
Intercont. hub	> 25m	+ 4.0%
Internat. hub	10-25m	+ 6.3%
Regional hub	5-10m	+ 6.4%
Regional a/p	< 5m	+ 13.3%

Regional airports grow faster than hubs

Regional airports benefit mainly from increasing interest of LLC

Example Poland – Traffic growth (1999-2007)

Average passenger increase	Growth p.a. in %
Overall airports Poland (1999-'03)	+ 7.6%
Overall airports Poland (2004-'07)	+ 29.5%
Regional airports Poland (2004-'07)	+ 54.0%
Warsaw Airport (2004-'07)	+ 17.6%

Above average traffic growth in Poland

Strongest growth in regional airports



Challenges & Opportunities of Regional Airports

TYPICAL CHALLENGES FOR REGIONAL AIRPORTS

- **Financing requirements:**
 - Limited financial resources
 - Request for (public) subsidies, grants and soft loans
- **Economic Situation**
 - Limited population / Catchment area
 - Macroeconomic drivers of the region
 - Public shareholder support
- **Airline**
 - Missing or weak home-carrier
 - Low cost carrier – good or bad?
 - Importance of airline marketing
- **Human resources:**
 - Broader and more general skills
 - Quality vs. Quantity



- **Increasing importance of regional airports in the aviation market**
 - Capacity overload at main hubs
 - Growing demand for air transportation - especially in fast developing economies (destinations with thin trunks)
 - High development of LCCs who often prefer (smaller/cheaper) regional airports

- **Regional airports' main functions in this system**
 - Feeders of hub-and-spoke services
 - Point-to-point services
 - Satellite airports
 - Acceleration of the economic development



AI's Management Concept for Regional Airports

EXPLOIT THE AIRPORTS' POTENTIAL

- MAIN FIELDS OF ATTENTION

- **Understand the market potential**
 - Existing services
 - Point-to-point demand
 - Traffic market segments
 - Unserved markets: point-to-point or to feeding a hub?
 - Inbound or outbound traffic?
 - Corporate or leisure traffic?

- **Understand the region's objectives and priorities**
 - Alignment of airport and regional objectives
 - Incoming tourism (joint tourism marketing)
 - Connection with business areas (joint marketing with CoC)

- **Define the targets**
 - Define the airport targets based on market potential
 - Define required investment needs and fund raising

- **Financial situation**
 - **Consider involvement of private investor as a partner**
 - **Possibilities to increase level of public subsidies**
 - **Increase revenues through implementation of non-aviation business (use land reserves, non-used capacities)**

- **Optimal human resources as a key component of success**
 - **Use own staff primarily for core airport services**
 - **Multifunctional task concept: e.g. combination of fire-fighting and security or ground handling**
 - **Outsourcing and external expert strategy(-ies) - with focus on quality**

- **Passenger growth**
 - Focus on home carrier strategy (facilities, services, incentives, ...)
 - Tailor-made airline marketing
 - Joint marketing with tourism agencies and tour operators
 - “Right-Sizing” of airport capacities

- **Management tools (AI Group and each airport)**
 - Corporate Governance
 - Airport planning (Strategy, Master Plan, Financial Planning)
 - Strategic Development Concept (= “Bible” for Airport Management)
 - Controlling and reporting system
 - PR and lobbying activities
 - Portfolio strategy and AI business plan



Conclusions

“The universal airport” does not exist !

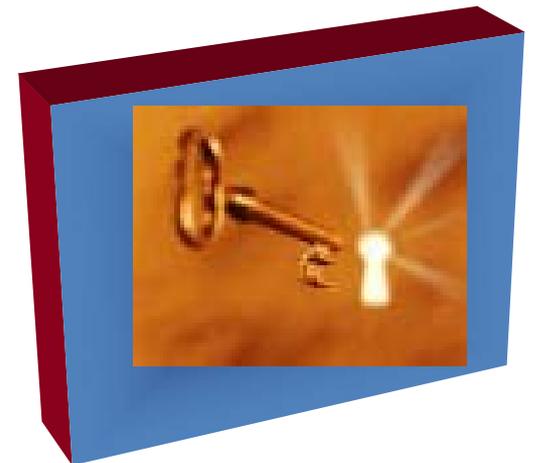
Airports have a completely different set of business and therefore every airport has to be analyzed individually.

Every regional airport is a unique local business that requires individual tailor-made solutions !

Regional Airports need a different focus than hubs.

The challenge to develop and run regional airports already exists and it will grow exponentially in the future.

The realisation of this potential requires a multifunctional expertise and a deep insight in the market !



Thank you for your attention !

