



Amsterdam Airport Further Research on hinterland extension

June 9 th, 2005



SEABURY AIRLINE PLANNING GROUP, LLC

Hogeschool van Amsterdam





And it became Bigger and Big ... top rank 250% growth 90 - 03

1990

1.	London	63 mln
2.	Paris	46 mln
3.	Frankfurt	29 mln
4.	Schiphol	16 mln

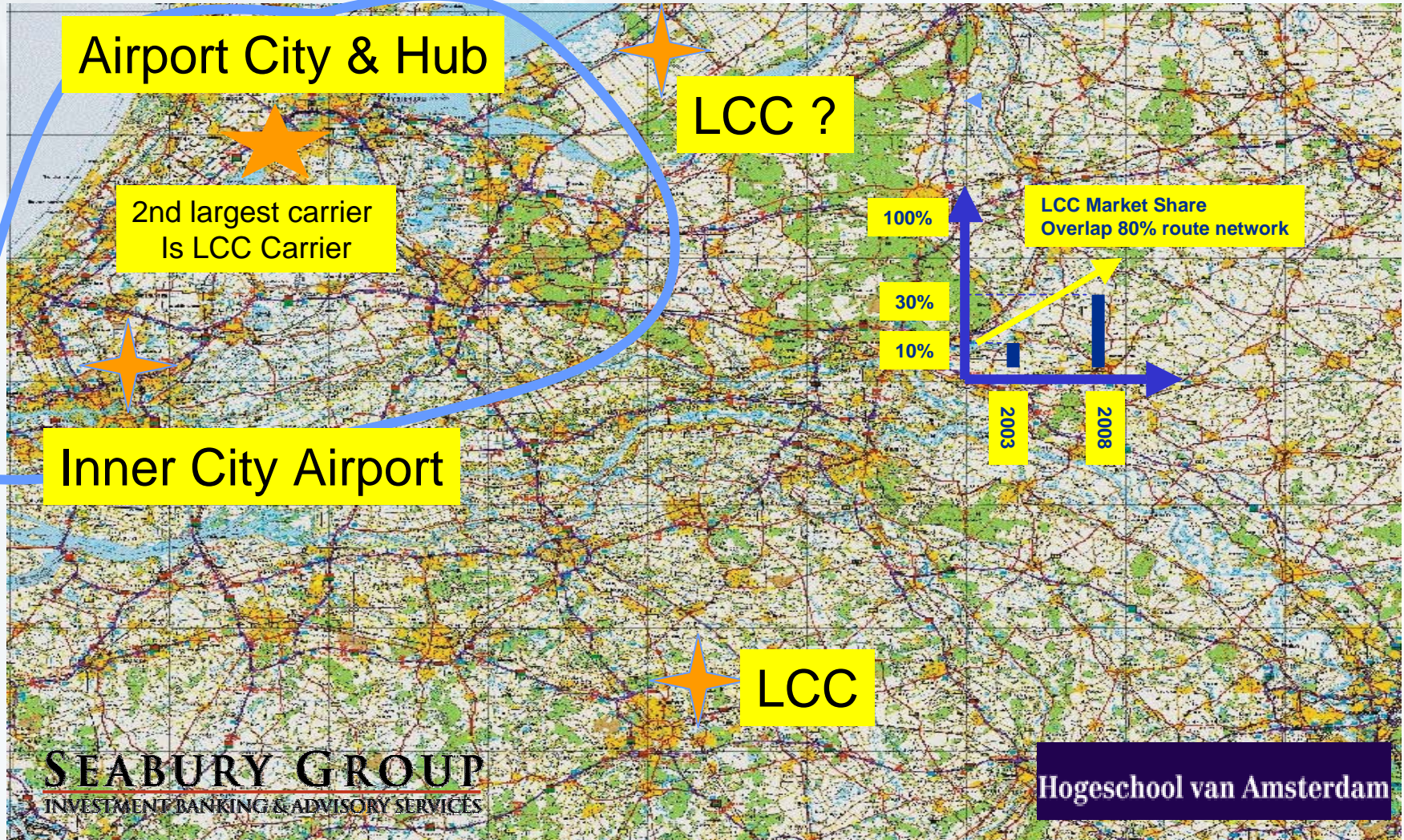
2003

1.	Heathrow	112 mln	178%
2.	Paris	70 mln	152%
3.	Frankfurt	48 mln	185%
4.	Schiphol	40 mln	<u>250%</u>

SEABURY GROUP
INVESTMENT BANKING & ADVISORY SERVICES

Hogeschool van Amsterdam

*The Catchment Area Battle...
30 million people within 2 hour drive*



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- Overview of Amsterdam as a hub airport
 - LCC growth in Amsterdam and Europe
 - Amsterdam peer analysis
 - Conclusions
 - Appendix – Seabury Airline Planning Group

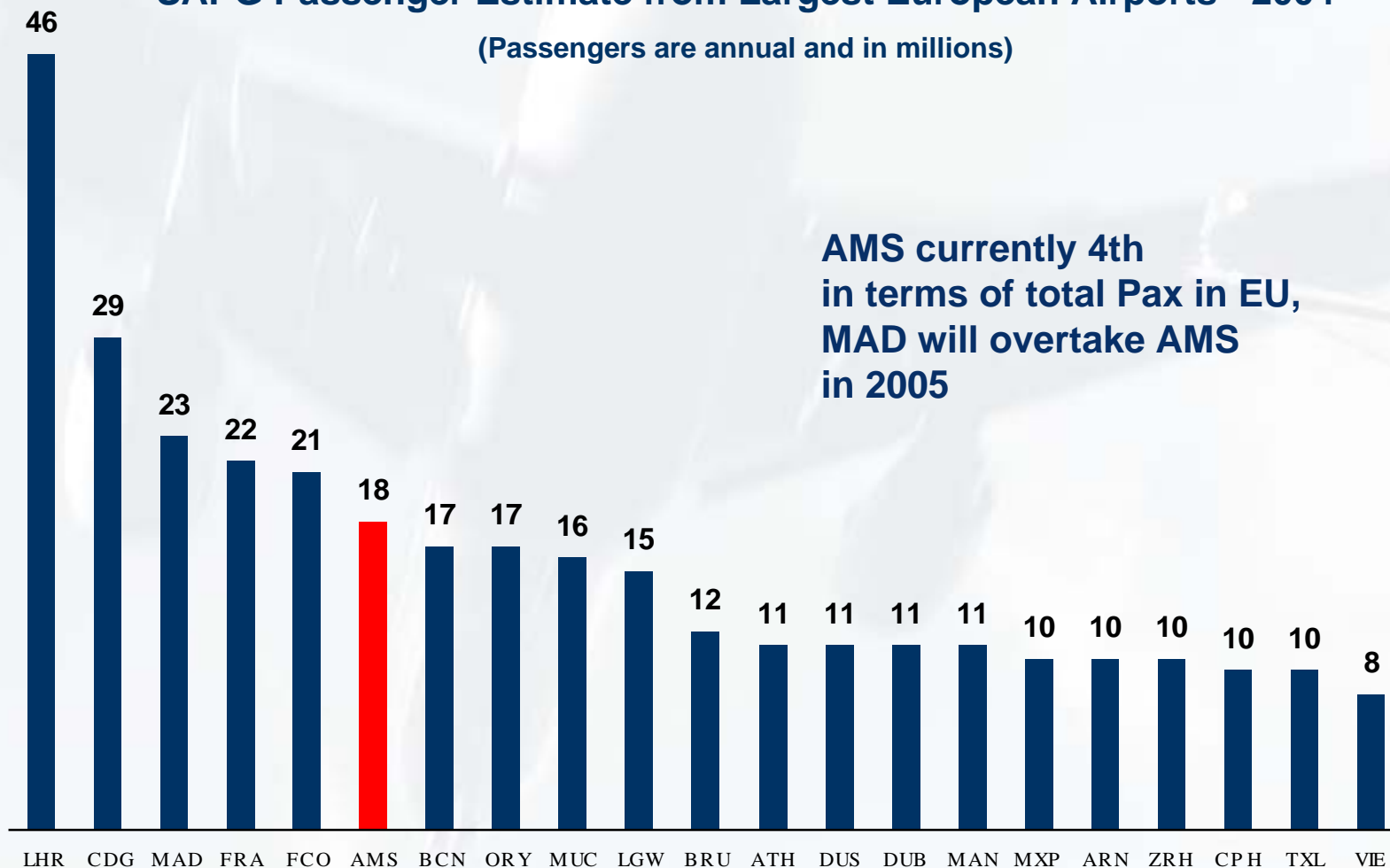


Amsterdam as a hub airport

AMS ranks sixth among the largest local O&D markets in Europe ...

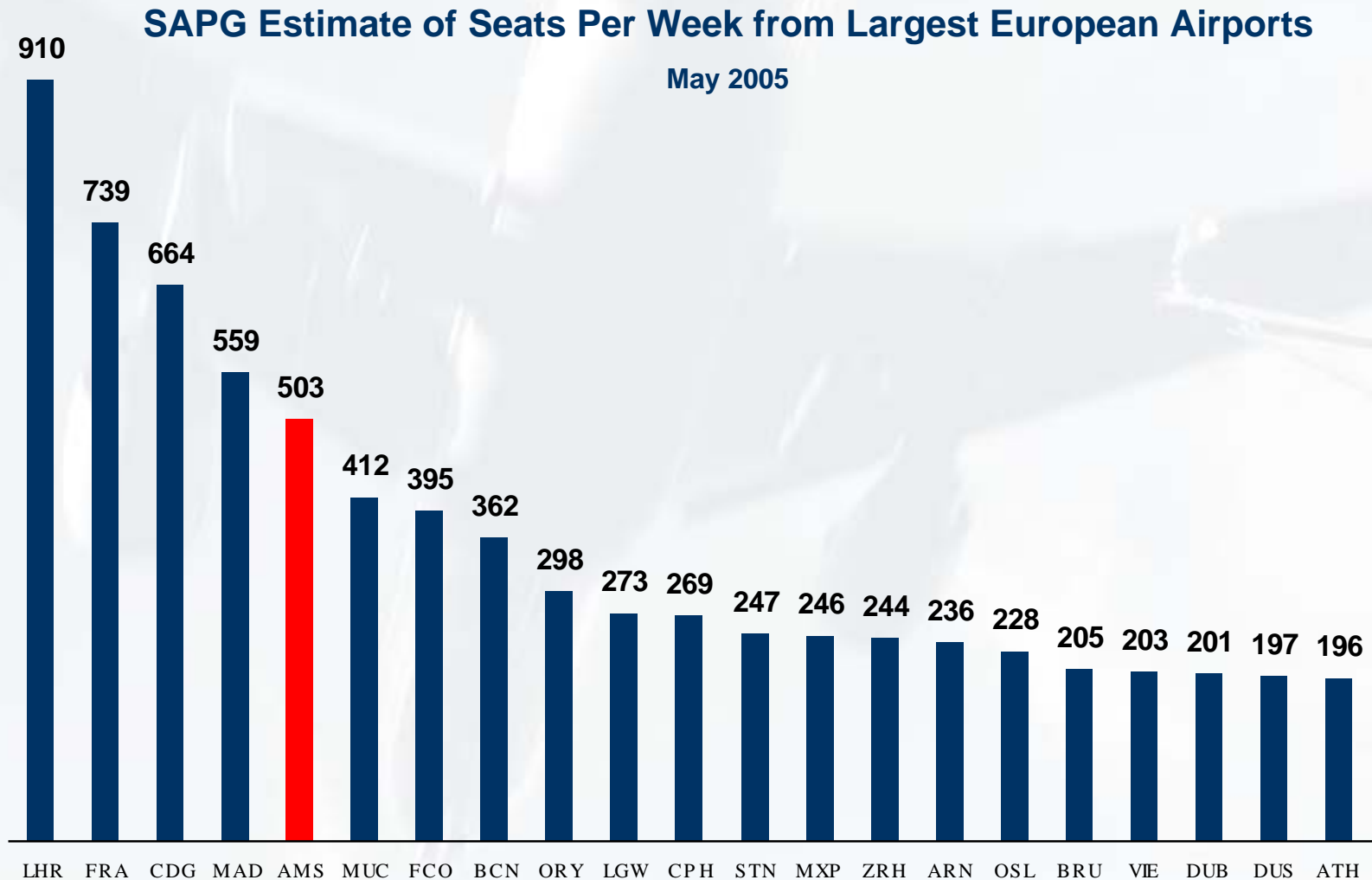
SAPG Passenger Estimate from Largest European Airports - 2004

(Passengers are annual and in millions)



AMS currently 4th
in terms of total Pax in EU,
MAD will overtake AMS
in 2005

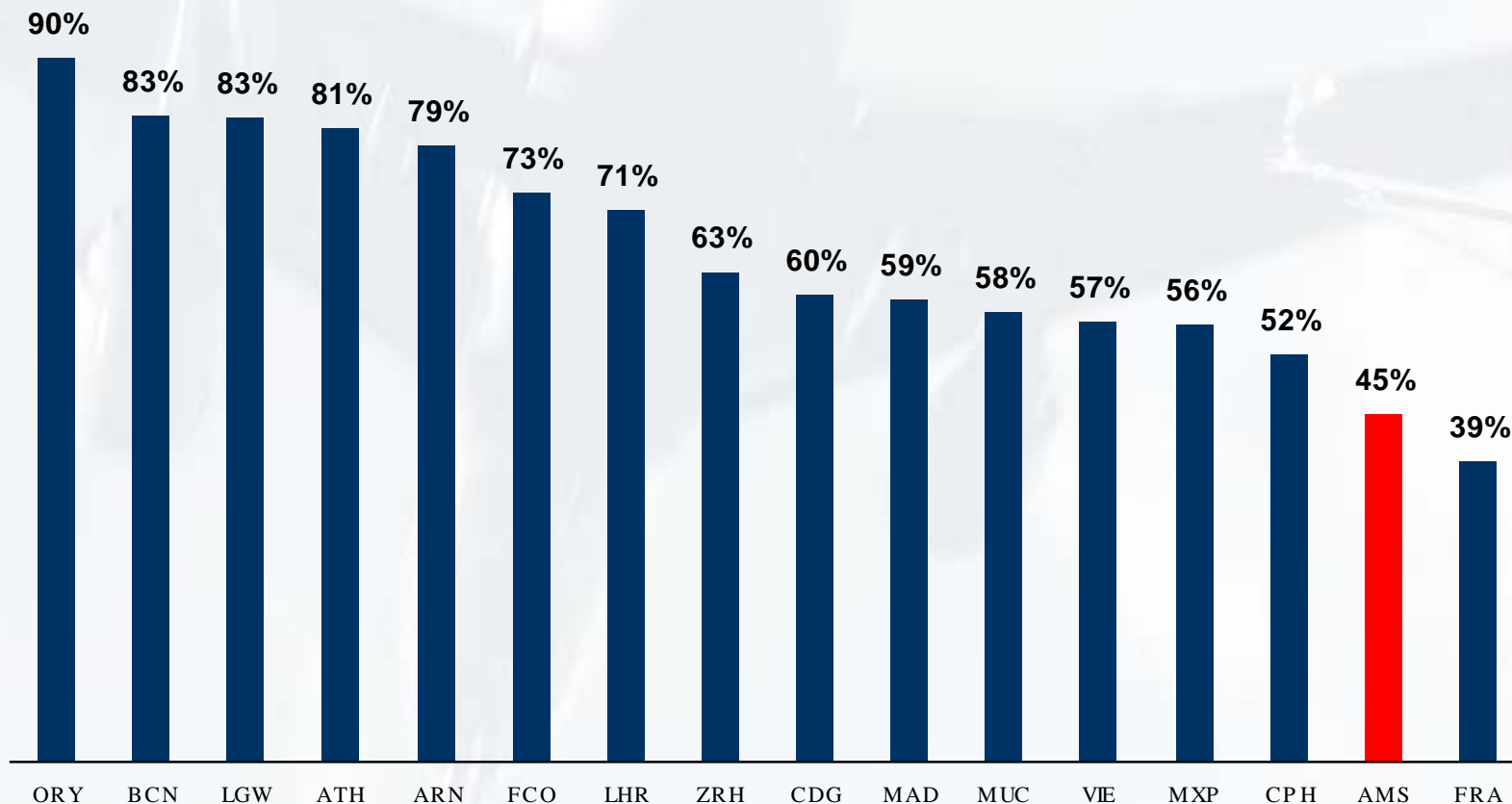
... And fifth among the largest in seats offered ...



... Due to large reliance on connect traffic to support the local market

SAPG Estimate of Local Passengers as Percent of Total Passengers

2004



Due to its structure, AMS faces the same challenges as other hubs:

- Reliance on connect traffic to supplement local traffic
- Need to retain connectivity to short haul cities in “catchment” area
 - These cities tend to be the targets of LCC capacity adds !
- Ability to retain the airport capacity that allow for connectivity
 - Traditional banking structure
 - Depeaked, rolling structure
- Need to attract “business” type passengers and retain strong customer base
 - Frequency, perks, etc.
 - At a compensatory fare

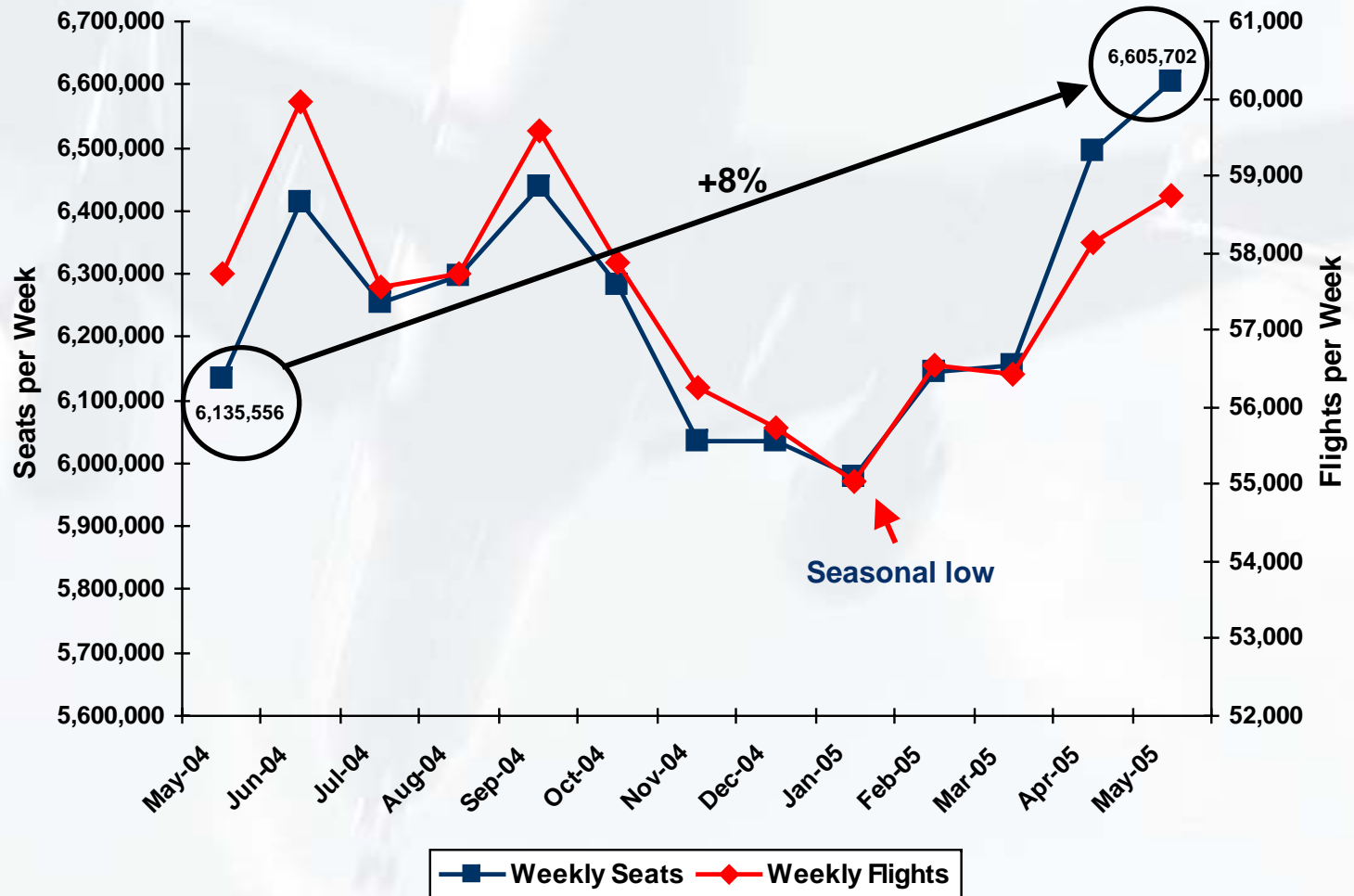


LCC growth in Amsterdam and Europe

Total capacity over the last year has increased 8% within Europe...

Total Capacity Trends Intra Europe

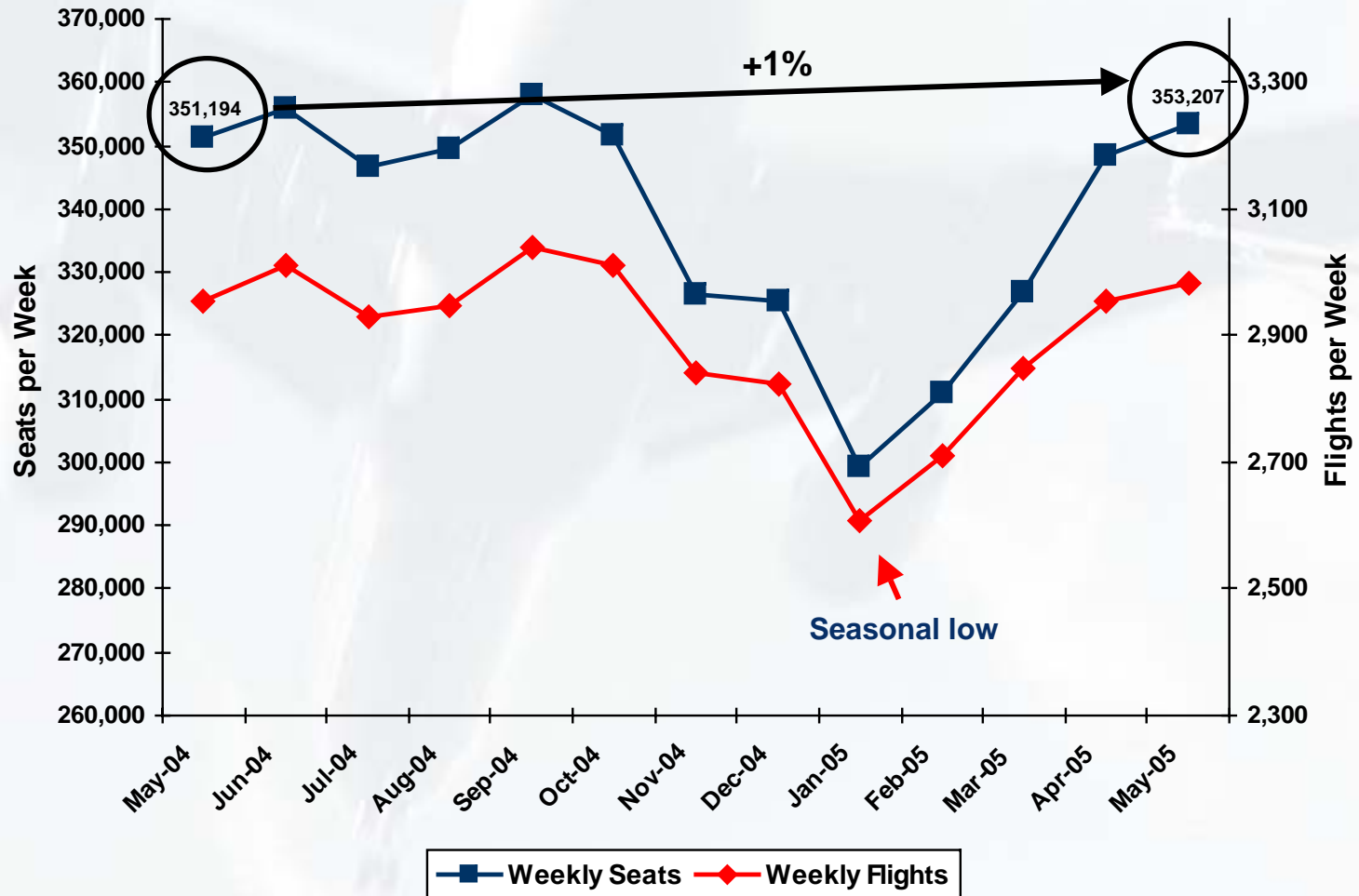
May 2004 – May 2005



...While capacity from Amsterdam to Europe has only increased 1%

Total Capacity Trends Amsterdam to Europe

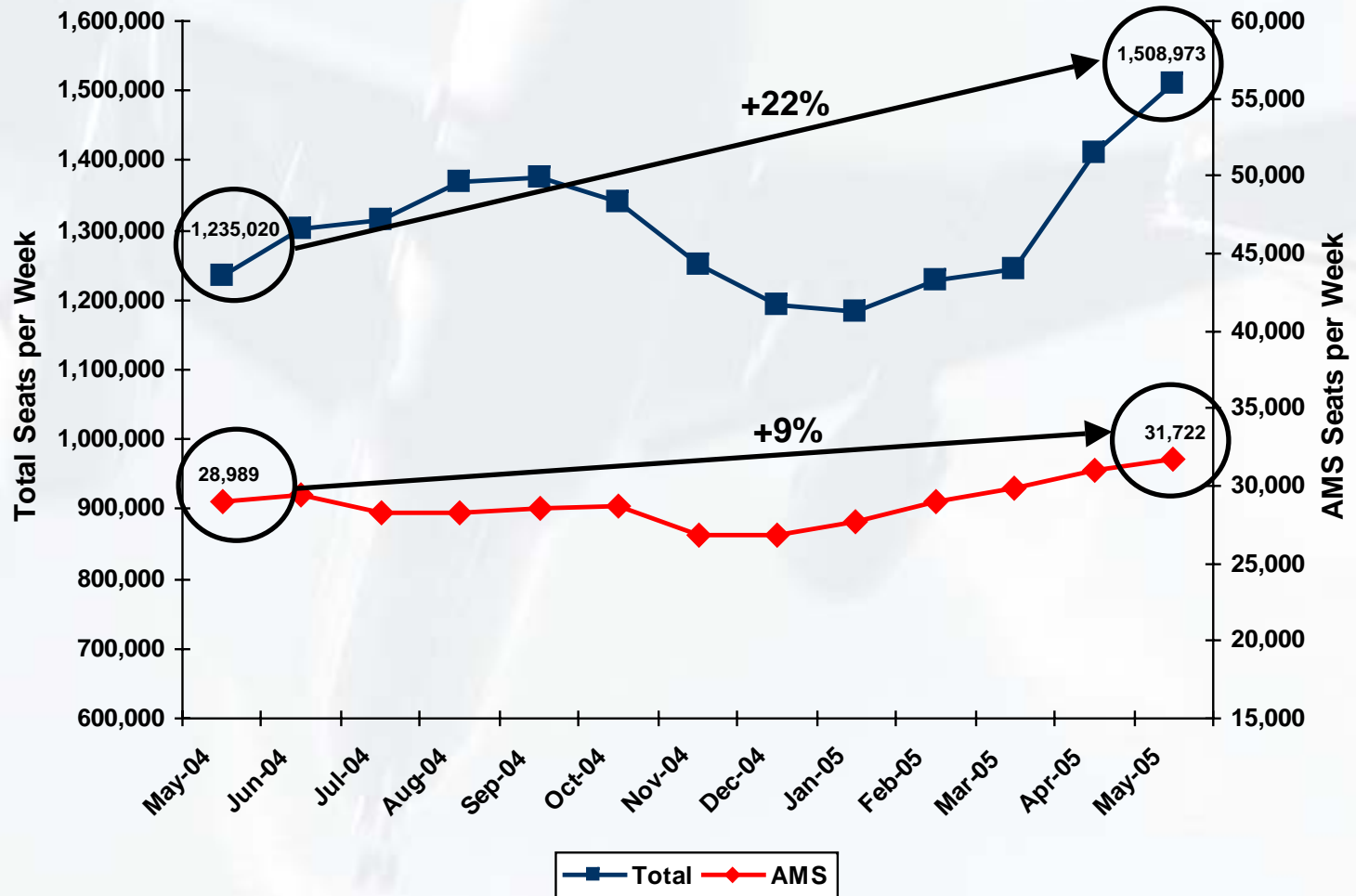
May 2004 – May 2005



This is mainly the result of slower LCC growth in Amsterdam versus Europe

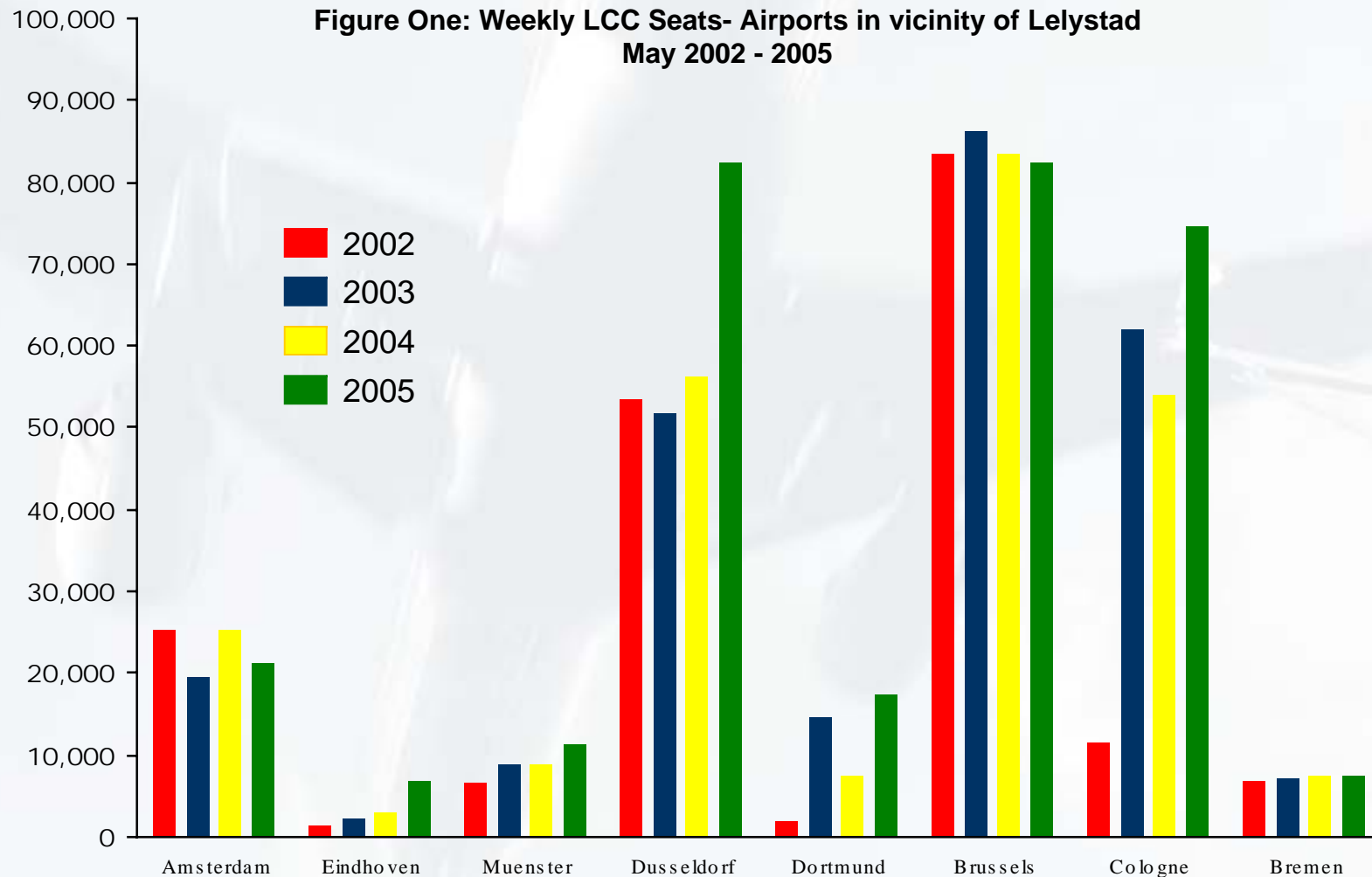
LCC Weekly Seats – Europe vs AMS

May 2004 – May 2005



While LCC additions at neighboring airports will have impact on Schiphol group..

**Figure One: Weekly LCC Seats- Airports in vicinity of Lelystad
May 2002 - 2005**



Km to Lelystad	34	112	151	155	169	186	208	228
LCC Capacity	easyJet	RyanAir	Air Berlin	Air Berlin/LTU	AB/easyJet	SN Brussels	4U/easyJet	Hapag Lloyd

Neighboring airports surpassed Schiphol in absolute numbers

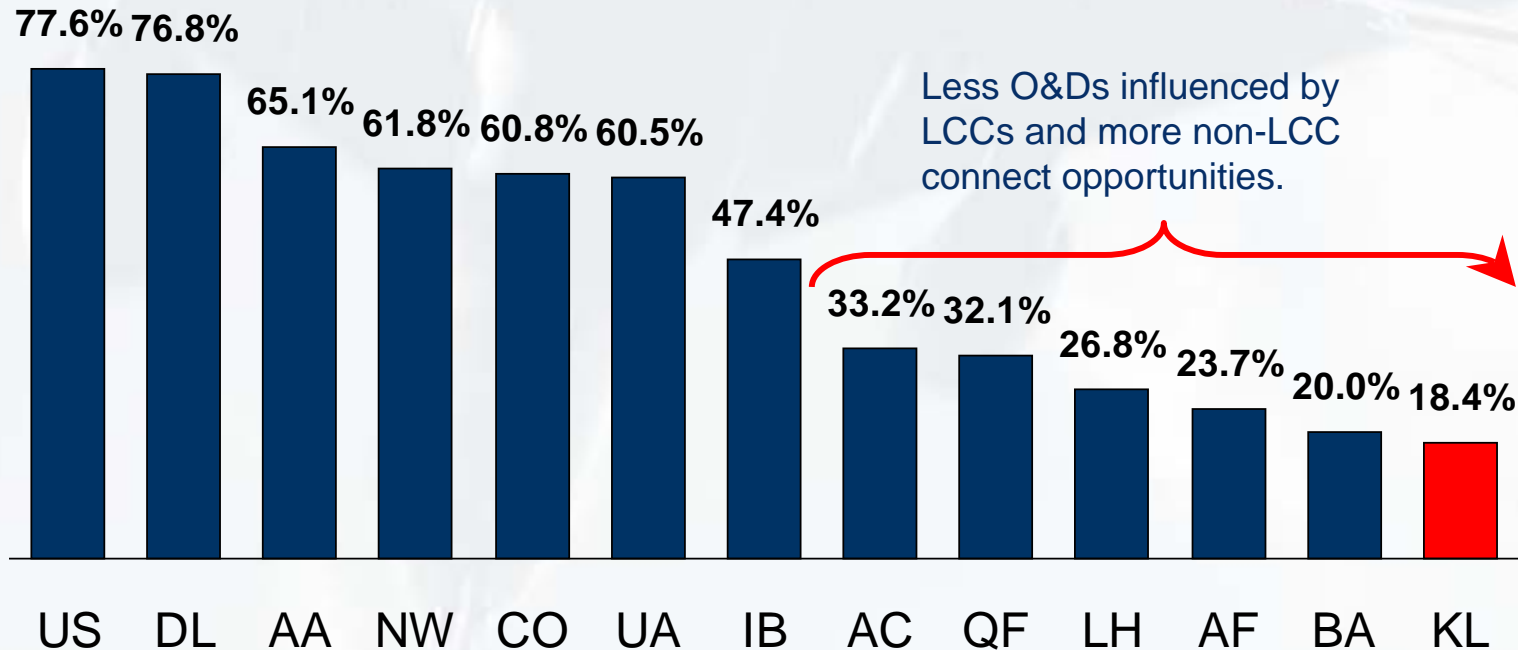
<u>Luchthavens</u>	<u>Prognose Passagiers 2005 (mio)</u>	<u>Passagiers 2004 (mio)</u>	<u>Passagiers 2002 (mio)</u>	<u>Groei Periode 2002-2004</u>
Brussel	NA	15,6	14,4	8%
Düsseldorf	NA	15,3	14,7	4%
Köln-Bonn	8,9	8,3	5,5	51%
Brussel-Zuid	NA	2,0	1,2	67%
Münster	1,6	1,5	1,5	0%
<i>Rotterdam</i>	NA	1,2	0,7	71%
Dortmund	1,7	1,2	1,0	18%
Niederrhein (*)	1.0	0,8	0	167%(*)
<i>Eindhoven</i>	NA	0,7	0,4	75%
Maastricht	NA	0,4 (**)	0.4	0%
Eelde	NA	0,2	0,2	0%
Totaal		<u>47,2 (1)</u>	40,0	18%
<i>Schiphol</i>	NA	44,3	41.7 (1)	6%

...KLM has less exposure to LCC competition than many other large carriers

- APG used ASMS since it is a better measure of revenue than other measures
- For European carriers, Europe is considered LCC Exposed

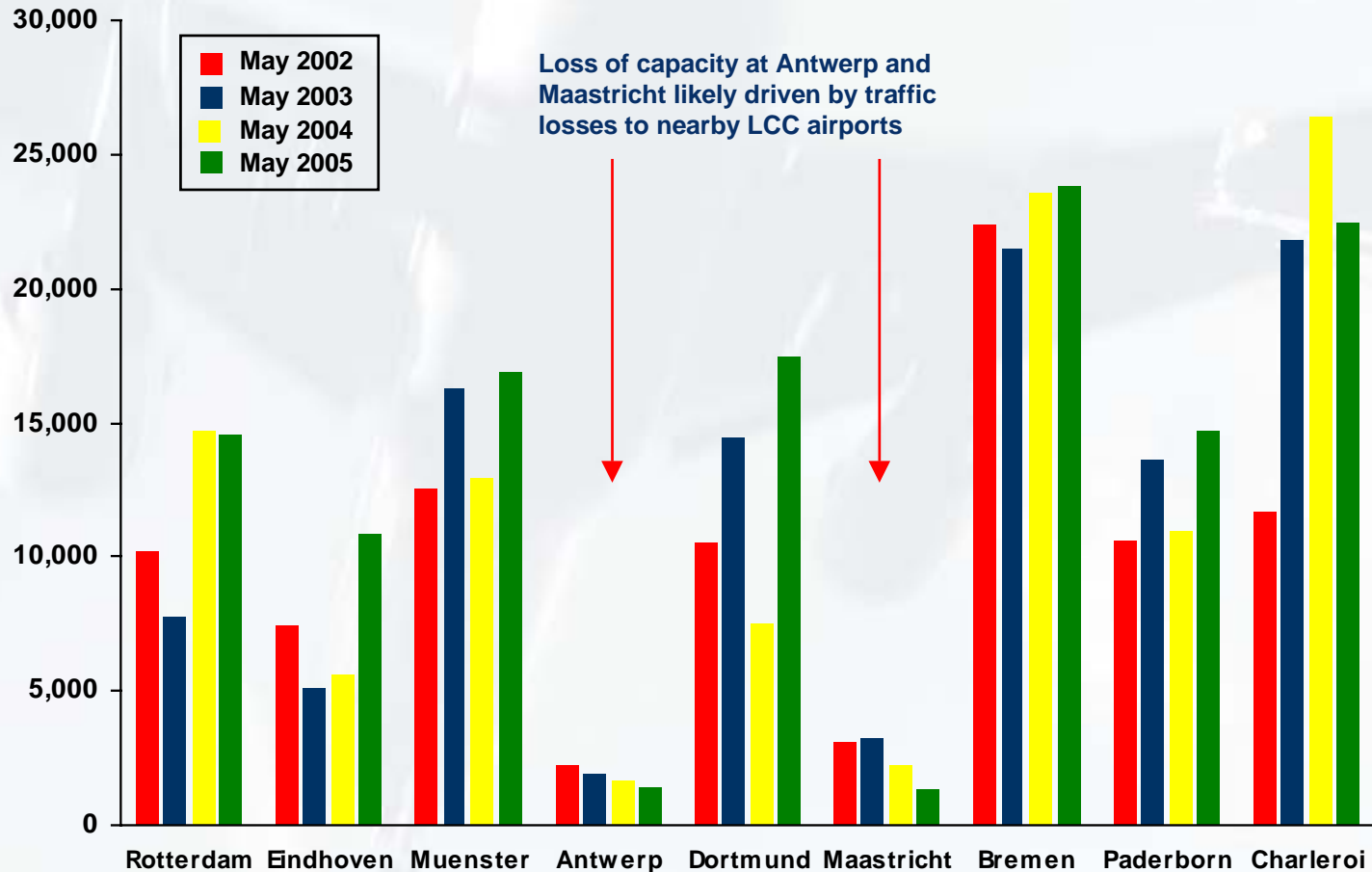
Capacity that is LCC Exposed as Percent of Total ASMS

May 2005



In additional, many neighboring airports have added significant growth

Weekly Seats at Regional Airports in Vicinity of Schiphol Group May 2002 – May 2005



Increasing LCC traffic carries with it a double edge sword

- LCC capacity has been a significant engine of growth at many airports
- Added LCC capacity will significantly increase traffic for the Schiphol Group
- Providing for LCC growth outside of AMS has a number of positive effects:
 - Increases total revenues at Schiphol Group airports
 - Frees up resources for added FSA departures
 - To some degree, Insulates AMS from profitability impact of LCC capacity
 - May protect Schiphol Group airports from further passenger erosion
- Still, LCC growth will impact the profitability of KLM, Amsterdam's hub carrier
- Challenge is to quantify the different issues

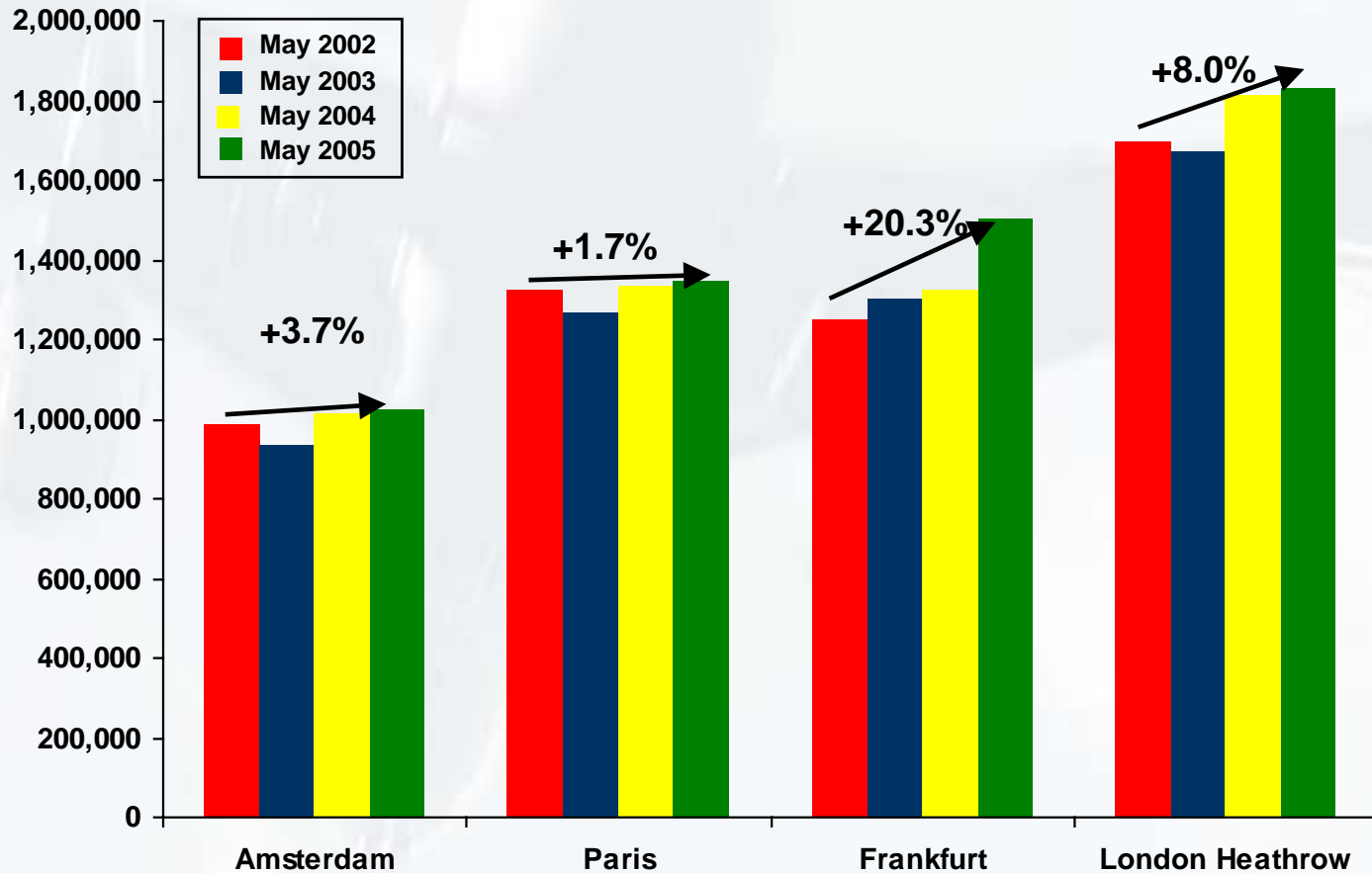


Amsterdam Peer Analysis

In total, Amsterdam has kept pace with CDG, but not with FRA and LHR...

Weekly Seats to All Destinations

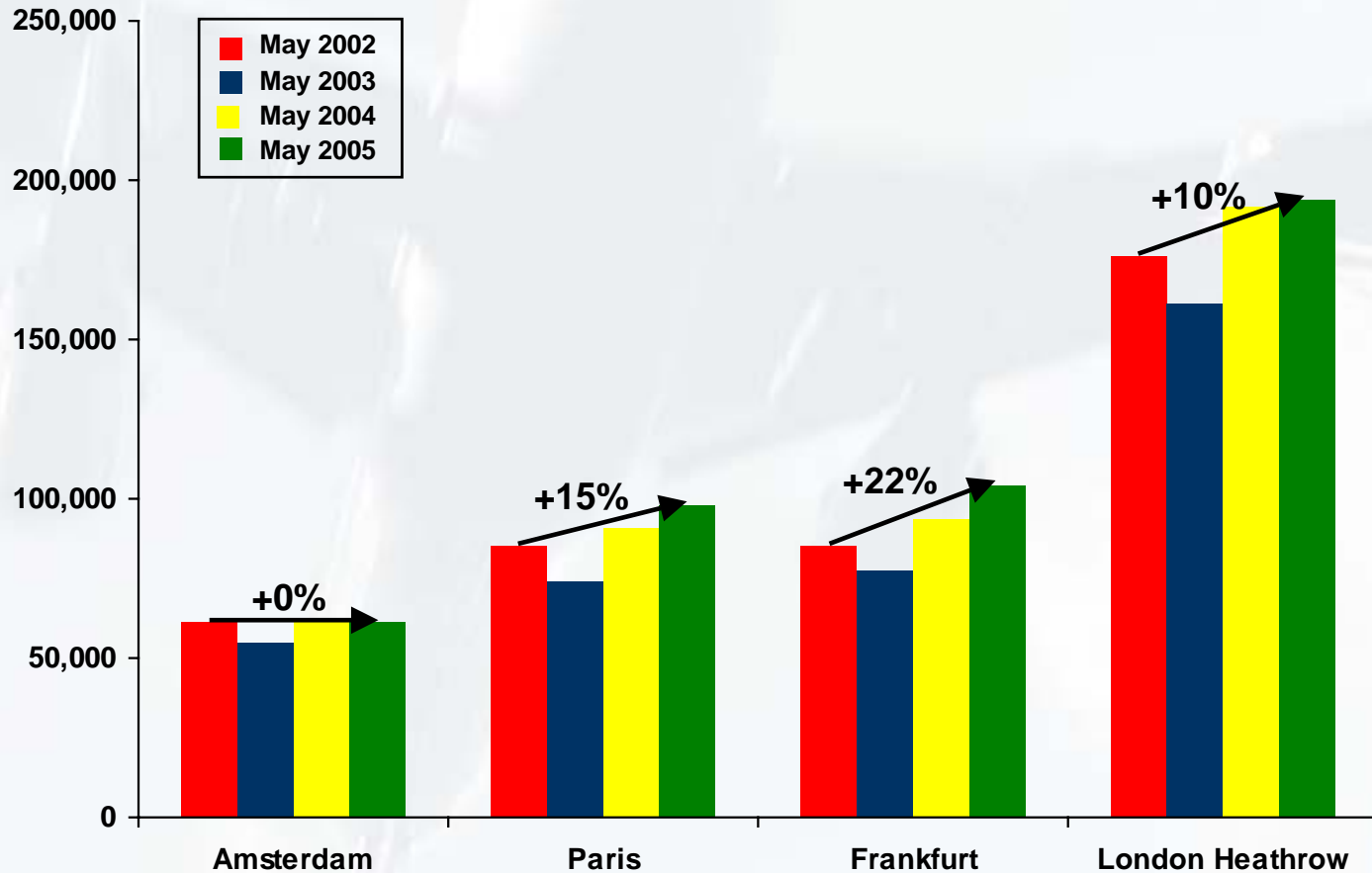
May 2002 – May 2005



.. And Amsterdam is not keeping up with growth to North America...

Weekly Seats to North America

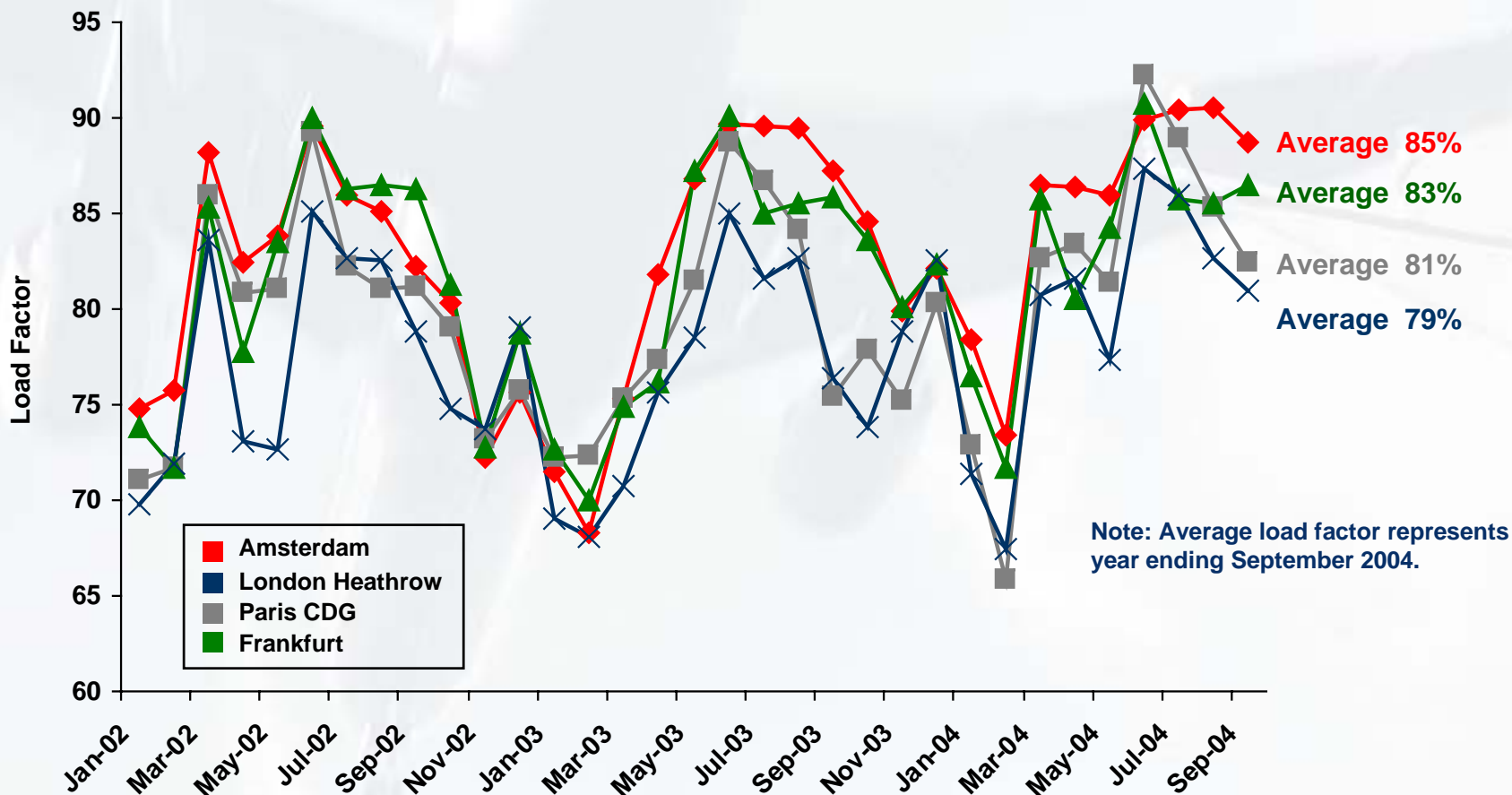
May 2002 – May 2005



...Resulting in the highest average load factor to the U.S. amongst its peers

Average Load Factors to the U.S.

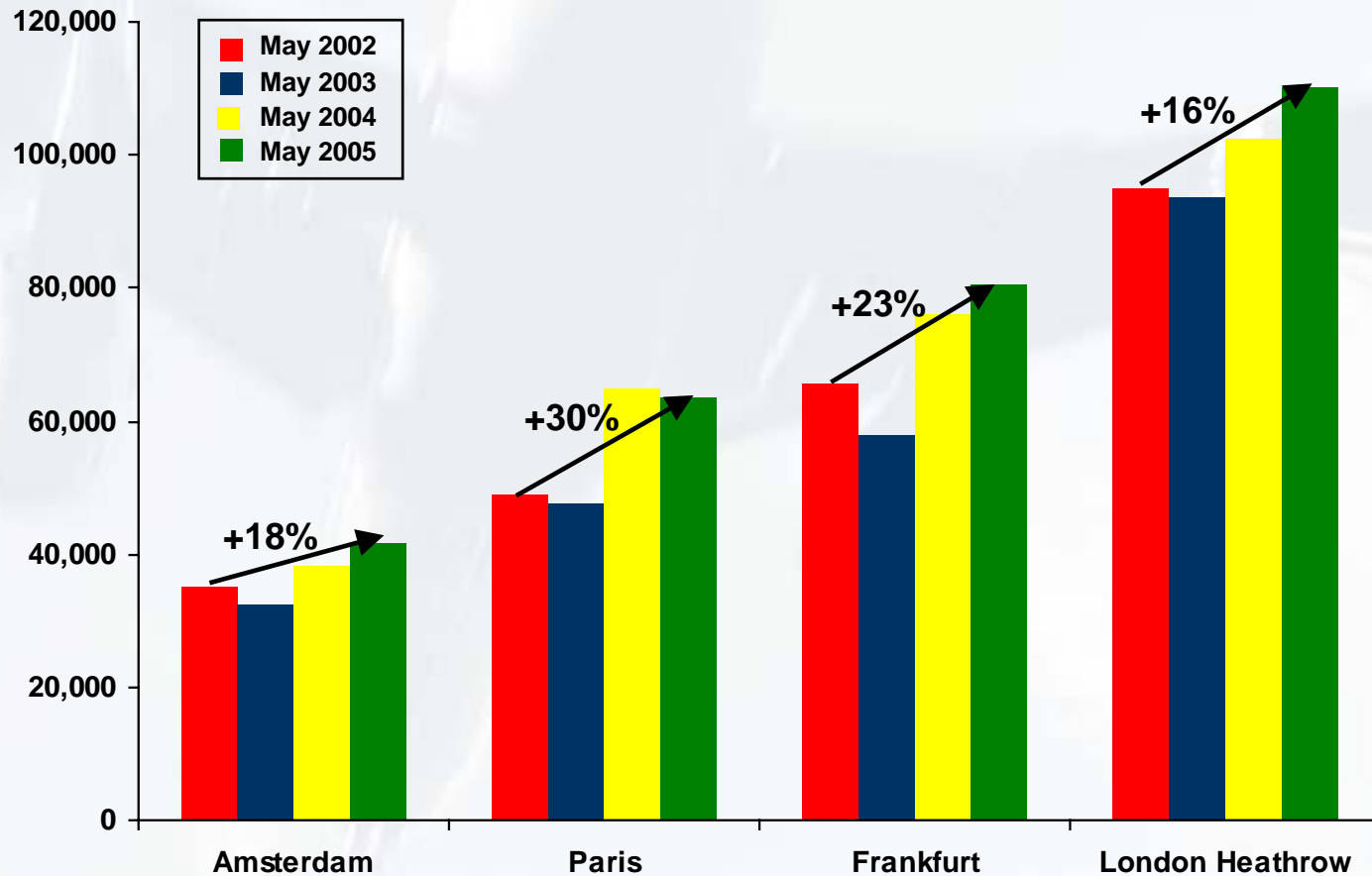
January 2002 – September 2004



There may also be some opportunity to increase operations to Asia...

Weekly Seats to Asia

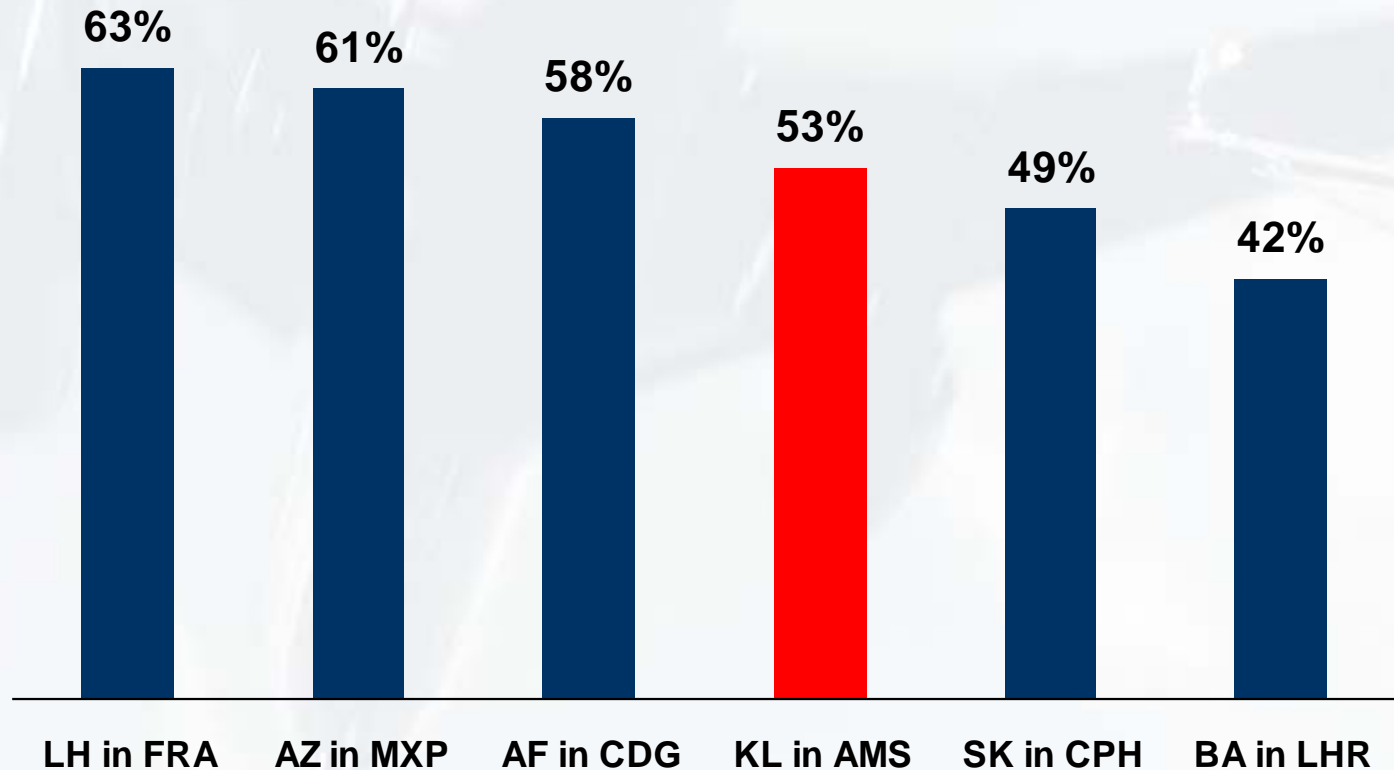
May 2002 – May 2005



...And as compared to its peers, KLM has room to extend its lead in AMS

Hub Carrier Weekly Seats as Percent of Total Weekly Seats

May 2005





Conclusions

-
- Like any hub, Amsterdam wants to maintain the following:
 - Strong “catchment” area segments
 - High share of business traffic (both local and connect)
 - Ability to add traffic which in turn supports connectivity and frequency
 - Potential for LCC growth in Amsterdam and vicinity
 - LCC growth in Amsterdam has been slower than in rest of Europe
 - Neighboring airports have seen significant growth resulting from LCCs
 - Hub strength..
 - AMS has lagged peer airports in capacity growth to North America but
 - Load factors to North America from AMS are highest of peers

The background of the slide is a faded, high-angle photograph of an airport tarmac. A large commercial aircraft is the central focus, with its wings and tail visible. The lighting is bright, suggesting a clear day. In the top right corner, there is a small, semi-transparent inset image showing a different view of an aircraft, possibly a smaller plane or a different angle of the same one.

Seabury Airline Planning Group, LLC

APG is exclusively focused on network and fleet planning

- Seabury Airline Planning Group, LLC (APG) is a focused aviation consultancy
 - Core expertise in network planning and fleet planning
 - Extensive international experience for airlines in all regions
 - Developed all associated tools and data
- Primary areas of focus for consulting:
 - Airline and airport network strategies
 - Fleet planning
 - Scheduling and route analyses
 - Alliance and merger analyses
 - Revenue management
- Professional staff all have direct airline employment experience
 - Employees held key management positions at many large airlines
 - Staff have worked across the globe providing leading approaches

APG has conducted network, fleet and technology studies for many airlines



APG has developed a family of tools focused on aviation planning

APGNET

QSI NETWORK PLANNING & FORECASTING

- Network planning, route revenue and profitability forecasting tool
- Uses proven, accurate approaches to market share estimation
- Works in concert with APG's O&D marketsize databases

APGFAM

FLEET PLANNING & ASSIGNMENT

- Fleet and schedule planning optimization software
- Allows airlines to find optimum fleet plan – correct mix and types
- In short term, optimizes schedule assignment process

APGDAT

AVIATION DATA FOR AIRLINE PLANNERS

- Internet-based aviation data portal
- Allows easy, flexible access to worldwide capacity and schedules
- Contains traffic and other databases from US DOT

APGALLIANCE

ALLIANCE & MERGER EVALUATION

- Forecasts impacts of mergers, alliances and codeshares
- Flexible, fast execution that allow multiple scenarios to be analyzed
- Excel interfaces for easy manipulation of results

APGREV

REALIZE YOUR REVENUE

- Internet-based application for tracking future bookings and revenue
- Builds forecasts of expected airline performance
- Uses readily available airline data sources

APG has leading expertise in developing markets sizes

- Direct provision of market sizes to airlines representing 35% of world's ASMS
 - Integration of carrier data, and external sources
 - Combined and with APG developed techniques
 - Quality assurance and testing
- Other aviation entities
 - APG developed techniques
 - Customized inclusion of external sources
- Network planning tools inputs
 - Marketsizes as inputs to tools and technology
 - Special review and calibration
- Other large-scale data processing