

German Aviation Research Seminar

Leipzig 13th and 14th November 2003

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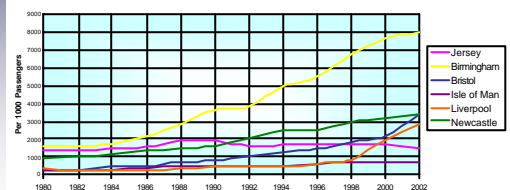
*How airports use benchmarking to
improve their competitive position*



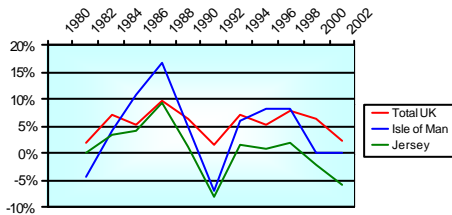
Jersey



Growth of Jersey and other UK airport passenger numbers 1980 - 2002



Average annual growth rates in passenger numbers 1980 – 2002



Jersey's Problems

- **Static Market**
- **Political "guidance"**
- **Pressure from airlines**

Jersey's initial strategy

- **Rigorous attention to costs**
- **Use of benchmarking to identify scope for improvement in any area**

Jersey's initial belief was that there was little scope to improve revenue significantly

The benchmarking process

- **Selection of nine other UK regional airports with similar passenger numbers**
- **Use of management accounts data in the absence of full P & L accounts**
- **Concentration on operating and basic financial ratios**
- **Adjustment of data to remove effects of dissimilar operations**

Adjustment of Jersey data – costs, revenues and staff relating to:

- **Department of Electronics Communications Services**
- **Meteorological Service**
- **Car Parks**
- **Utilities pass-through charges**

Other adjustments needed:

- **Depreciation – assumption of 30% of costs means assessment is "worst case"**
- **Eurocontrol service – revenues known but not costs, so no adjustment made**

Benchmarking results - profitability

- Operating profit (surplus as % of turnover)
- EBITDA
- Operating profit per passenger



Operating profit

		2000		2001	
		Average	20.60%	Average	18.70%
Ranking	Airport	Operating Profit	Airport	Operating Profit	Airport
1	Cardiff	44.60%	Cardiff	44.00%	
2	East Midlands	38.70%	East Midlands	36.60%	
3	Jersey	36.40%	Jersey	34.40%	
4	Leeds/Bradford	24.70%	Newcastle	20.60%	
5	Newcastle	21.20%	London City	19.30%	
6	London City	17.30%	Leeds/Bradford	14.80%	
7	Belfast City	9.90%	Belfast City	9.10%	
8	Exeter	6.30%	Exeter	9.00%	
9	Teesside	5.20%	Liverpool	0.90%	
10	Liverpool	1.90%	Teesside	-1.70%	
Jersey with notional depreciation added		9.20%		6.30%	



Earnings before interest, tax, depreciation and amortisation (EBITDA)

		2000		2001	
		Average	30.10%	Average	29.50%
Ranking	Airport	Operating Profit	Airport	Operating Profit	Airport
1	East Midlands	49.90%	Cardiff	48.70%	
2	Cardiff	49.30%	East Midlands	47.90%	
3	Newcastle	40.30%	Newcastle	46.70%	
4	Leeds/Bradford	37.70%	Jersey	34.40%	
5	Jersey	36.40%	Leeds/Bradford	29.40%	
6	London City	21.10%	London City	23.30%	
7	Liverpool	18.00%	Belfast City	19.70%	
8	Teesside	17.00%	Exeter	17.80%	
9	Exeter	15.80%	Liverpool	16.20%	
10	Belfast City	15.30%	Teesside	10.90%	



Operating profit per passenger

		2000		2001	
		Average	2.78	Average	2.79
Ranking	Airport	Operating Profit/Passenger	Airport	Operating Profit/Passenger	Airport
1	Cardiff	6.37	Cardiff	6.59	
2	East Midlands	5.56	East Midlands	6.91	
3	Jersey	4.36	Jersey	4.29	
4	London City	3.02	London City	3.7	
5	Leeds/Bradford	2.87	Exeter	2.39	
6	Newcastle	2.35	Newcastle	2.36	
7	Exeter	1.68	Leeds/Bradford	1.78	
8	Belfast City	0.91	Belfast City	0.91	
9	Teesside	0.59	Liverpool	0.06	
10	Liverpool	0.11	Teesside	-0.19	
Jersey with notional depreciation added		1.1		0.78	



Benchmarking results - Operations

- Passengers per ATM



Passengers per ATM

		2000		2001	
		Average	52.4	Average	56.2
Ranking	Airport	Passengers/ATM	Airport	Passengers/ATM	Airport
1	Newcastle	73.4	Liverpool	78.5	
2	Cardiff	72.5	Teesside	74.6	
3	Teesside	70.6	Newcastle	74.1	
4	Liverpool	62.8	Cardiff	70.9	
5	Leeds/Bradford	55.4	East Midlands	55.2	
6	East Midlands	51.1	Exeter	55.1	
7	Belfast City	38.6	Leeds/Bradford	51.4	
8	Exeter	35.4	Belfast City	37.3	
9	Jersey	33	Jersey	35.1	
10	London City	31.6	London City	30.2	



Benchmarking results - Costs

- Operating costs per passenger
- Personnel costs per passenger



Operating costs per passenger

		2000		2001	
		Average		5.15	
		5.15		5.35	
Ranking	Airport	Operating Costs/Passenger	Airport	Operating Costs/Passenger	Airport
1	Exeter	12.67	London City	11.81	
2	London City	11.14	Exeter	11.35	
3	Cardiff	5.65	Cardiff	5.98	
4	Teesside	3.97	East Midlands	5.19	
5	East Midlands	3.92	Teesside	4.25	
6	Belfast City	3.64	Leeds/Bradford	3.52	
7	Leeds/Bradford	3.02	Belfast City	3.44	
8	Jersey	3.01	Jersey	2.9	
9	Newcastle	2.41	Liverpool	2.62	
10	Liverpool	2.08	Newcastle	2.46	



Personnel costs per passenger

		2000		2001	
		Average		4.28	
		4.28		4.55	
Ranking	Airport	Personnel Costs/Passenger	Airport	Personnel Costs/Passenger	Airport
1	Exeter	9.83	Exeter	10.61	
2	Teesside	5.42	Teesside	5.59	
3	Jersey	4.6	Jersey	5.29	
4	Newcastle	4.22	Leeds/Bradford	5	
5	Leeds/Bradford	4.2	Belfast City	4.6	
6	Belfast City	4.09	Newcastle	3.63	
7	East Midlands	3.27	East Midlands	3.37	
8	Liverpool	2.84	London City	2.91	
9	London City	2.65	Liverpool	2.83	
10	Cardiff	1.6	Cardiff	1.72	



Benchmarking results - Personnel

- Personnel costs per employee
- Passengers per employee
- Total revenue per employee



Personnel costs per employee

		2000		2001	
		Average		26,453.17	
		26,453.17		26,908.87	
Ranking	Airport	Personnel Costs per employee	Airport	Personnel Costs per employee	Airport
1	Jersey	40,100.53	Jersey	44,139.04	
2	East Midlands	31,834.06	East Midlands	33,499.10	
3	Teesside	28,609.93	Leeds/Bradford	28,177.61	
4	Newcastle	27,963.56	Teesside	28,041.96	
5	Leeds/Bradford	26,112.40	Cardiff	25,539.22	
6	Cardiff	24,816.33	Newcastle	25,225.34	
7	London City	23,942.86	London City	23,723.62	
8	Liverpool	22,173.58	Exeter	20,740.11	
9	Belfast City	19,548.15	Belfast City	20,452.90	
10	Exeter	19,430.30	Liverpool	19,549.25	



Passengers per employee

		2000		2001	
		Average		7,566	
		7,566		7,224	
Ranking	Airport	Passengers/Employee	Airport	Passengers/Employee	Airport
1	Cardiff	15,533	Cardiff	14,884	
2	East Midlands	9,724	East Midlands	9,945	
3	London City	9,030	Jersey	8,340	
4	Jersey	8,710	London City	8,161	
5	Liverpool	7,795	Newcastle	6,955	
6	Newcastle	6,630	Liverpool	6,896	
7	Leeds/Bradford	6,214	Leeds/Bradford	5,634	
8	Teesside	5,283	Teesside	5,020	
9	Belfast City	4,783	Belfast City	4,447	
10	Exeter	1,957	Exeter	1,955	



Total revenue per employee

		2000		2001	
Average		97,227		99,146	
Ranking	Airport	Total Revenue per Employee	Airport	Total Revenue per Employee	
1	Cardiff	222,000	Cardiff	222,892	
2	London City	157,857	East Midlands	163,218	
3	East Midlands	139,633	London City	156,583	
4	Jersey	104,344	Jersey	104,096	
5	Newcastle	73,700	Newcastle	79,498	
6	Leeds/Bradford	72,043	Leeds/Bradford	68,039	
7	Teesside	59,773	Teesside	55,413	
8	Exeter	52,509	Exeter	52,260	
9	Liverpool	46,789	Liverpool	44,940	
10	Belfast City	43,619	Belfast City	44,518	



Benchmarking results - Revenues

- Aeronautical revenues per passenger
- Commercial revenue per passenger
- Commercial revenue as a percentage of total revenue



Aeronautical revenues per passenger

		2000		2001	
Average		10.6		10.87	
Ranking	Airport	Aeronautical Revenue/Passenger	Airport	Aeronautical Revenue/Passenger	
1	Exeter	25.78	Exeter	25.78	
2	London City	13.71	London City	14.33	
3	Cardiff	11.1	Cardiff	11.39	
4	Jersey	10.7	East Midlands	11.3	
5	East Midlands	9.81	Jersey	11.02	
6	Leeds/Bradford	8.58	Leeds/Bradford	8.69	
7	Newcastle	8.5	Newcastle	7.97	
8	Belfast City	7.4	Belfast City	7.63	
9	Teesside	6.75	Teesside	6.2	
10	Liverpool	3.69	Liverpool	3.87	



Commercial revenue per passenger

		2000		2001	
Average		2.8		3.21	
Ranking	Airport	Commercial Revenue/Passenger	Airport	Commercial Revenue/Passenger	
1	Teesside	4.56	East Midlands	5.02	
2	East Midlands	4.49	Teesside	4.84	
3	London City	3.77	London City	4.35	
4	Cardiff	3.2	Cardiff	3.59	
5	Leeds/Bradford	3.01	Newcastle	3.46	
6	Newcastle	2.61	Leeds/Bradford	3.39	
7	Liverpool	2.31	Liverpool	2.65	
8	Belfast City	1.72	Belfast City	2.38	
9	Jersey	1.28	Jersey	1.47	
10	Exeter	1.05	Exeter	0.95	



Commercial revenue as a percentage of total revenue

		2000		2001	
Average		23.70%		25.90%	
Ranking	Airport	Commercial Revenue/Total Revenue (%)	Airport	Commercial Revenue/Total Revenue (%)	
1	Teesside	40.30%	Teesside	43.80%	
2	Liverpool	38.40%	Liverpool	40.60%	
3	East Midlands	31.20%	East Midlands	30.60%	
4	Leeds/Bradford	26.00%	Newcastle	30.30%	
5	Newcastle	23.50%	Leeds/Bradford	28.10%	
6	Cardiff	22.40%	Cardiff	24.00%	
7	London City	21.60%	Belfast City	23.80%	
8	Belfast City	18.90%	London City	22.70%	
9	Jersey	10.70%	Jersey	11.70%	
10	Exeter	3.90%	Exeter	3.50%	



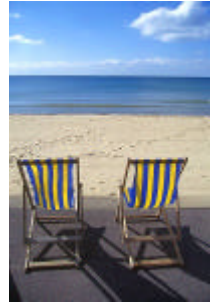
Initial views

- Profitability worse than average but cash surplus better
 - Operating costs well under control
 - Staff costs high, but good staff productivity
 - No scope for aeronautical charge increase
- BUT**
- Good potential growth in commercial revenues





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