



January 2004

Volume 1, Issue 1

Welcome: our 2004 Newsletter

We extend a hearty welcome to all our friends in this first newsletter prepared by Feather Consulting. It is intended to provide some news, details of projects and a brief snapshot of the exciting developments in our company.

In May last year we welcomed Neil Hougham on-board, joining Richard Fuentes and myself Frank Elder on our team. We look forward with some confidence to year ahead and take this opportunity to wish you and your families every good health and happiness for 2004!

Airport New Route Activity Impressive

“When the going gets tough the tough get going”

No more so than in the airport and airline industries. 2003 was significant year indeed for new route expansion. Developing strategies to counter the fall in traffic caused by the SARS epidemic, the Iraq war and the new security measures has forced many carriers to re-think their plans—but few can be accused of sitting on their hands.

In a detailed analysis* undertaken using data provided by leading scheduling information company INOVATA, Feather Consulting has shown that new route starts worldwide have gone up by about 4% in the last 12 months.

The busiest region was Europe with approximately 8% increase in new services in the period with London Stansted high on the list .

The European airline with the largest new start-



Air France largest number of New Route Starts in Europe

up routes was Air France followed by bmi, easyJet and Ryanair.

*A detailed research paper will be available on our website www.featherconsulting.co.uk February 2004.

New Vision for New Doha International Airport



Qatar Airways innovative Hub Operation

A New International Airport is close to becoming a reality in for the oil and gas rich state of Qatar. Feather Consulting working alongside the BAE SYSTEMS International Programmes team helped shape a new vision statement for the airport reflecting the innovative hub operation of Qatar Airways.

A traffic forecast and passenger-mix analysis was also delivered to the concept design team.

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Special points of interest:

- Competition heats up on Long-Haul Travel
- 2004 sees the development of a new forecast validation tool
- 17 point action plan that outlines a key economic development strategy for Cornwall

Cornwall: A new Regional Aerospace and Defence Strategy

Cornwall Enterprise, the economic development arm of Cornwall County Council is beginning to implement a 17 point action plan that outlines a key development strategy for safeguarding and expansion of employment in the aerospace and defence sectors in the County.

Cornwall has the largest helicopter base in Europe at RNAS Culdrose, home to the Navy's new Merlin helicopter and also holds other key assets including RAF St Mawgan, Newquay Airport and important air links to the Scilly Isles. The plan involves a new approach to develop business opportunities in the area.

This approach, based on a set of recommendations contained in a project prepared by Feather Consulting, opens up the relationship between regional agencies, local business, education interests and the aerospace and defence sectors. Improving the local communication flow and understanding the sectors are key features of the initiative.

The work was wide reaching addressing skill and resource requirements across the whole County. Direct contact was made within the MoD including the Defence Procurement Agency and Defence Logistics Organisation.

The strategy, which also has application in other regions, seeks to em-



Cornwall has the largest helicopter base in Europe at RNAS Culdrose

power local agencies and businesses to retain existing employment and gain better access to the future contracts and support opportunities presented by the major defence installations in the region.

IATA: Cost Benefit Analysis



terms of local development and the goals of national government. Airport airside infrastructure (runways, taxiways and pavements) usually requires major scale investments in order for airports to expand. These "Must Have" investments impact directly not only on the ability of an airport to handle a certain size of aircraft but

Feather Consulting has successfully completed a Cost Benefit Analysis commission for IATA Montreal. The project, focussing on the particular economics of small airports, demanded an approach that was valid both in

also directly on a region's economy.

Landside infrastructure (Terminals, Car Parks, etc), by contrast, is also costly but has the ability to derive revenue from additional non-aeronautical sources and is thus less problematic from a funding perspective.

The key issue was to develop appraisal techniques that not only looked at the incremental value of an investment to the airport alone, but also to balance their impact on the wider economy.

Feather Consulting has now developed methodologies that can help Governments and their agencies appraise airport infrastructure investments to take on-board wider impacts.

Aeropuertos Cintra: Success at Belfast City Airport

Aeropuertos Cintra, part of the Ferrovial Group from Spain, successfully bid for the ownership of Belfast City Airport sold by Bombardier Group.

Belfast City has recently seen its fortunes improve as bmi took over the Northern Ireland London Heathrow service and re-focussed operations out of the city centre airport. The airline operates as many as 8 flights daily to the capital and its success can be measured by the increased use of the Airbus A321 aircraft despite the airport only having a relatively

short 1829 metre runway.

Feather Consulting were involved in preparing an assessment of traffic potential at the airport. The project which involved working closely with Airport Strategy and Marketing (ASM) Ltd provided a clear basis for modelling the investment.

In May 2003 it was reported that Bombardier sold Belfast City Airport to Ferrovial of Spain for £40m. This adds the airport to Ferrovial's impressive portfolio of interests including Sydney, Bristol, Mexico and Chile.



8 services daily of the Airbus A321 to London Heathrow

Cargo: Management Information System Research

Effective cargo development is an important part of the air transport industry. Airlines, Airports and the support players: Integrators, Forwarders and Logistics companies have all see their fortunes swing violently in the last few years as traffic has switched modes during periods of uncertainty.

Feather Consulting has been involved in a key project for Airports Bureau Systems Ltd, the prime provider of air cargo handling software to the World Cargo Handling and Transit Shed operators. This pioneering assignment has involved investigating future cargo management information system needs. In particular the work has centred on new paperless reporting requirements of the EU for cargo shipments into Europe and it poses great challenges for the Cargo community. Not only are solutions needed that demand more efficient operation but time criticality imposes even sharper disciplines on the industry.

Neil Hougham is running with this project and with his twenty years cargo industry experience brings an attractive blend of hands-on “know-how” and key market insight.

As more and more airports and airlines around the world recognise the need to devise future strategies to deal with market changes and rise to the fantastic potential of air freight, the opportunities for development in this sector are real and exciting in the next few years.



Time criticality imposes great challenges for Air Cargo

Airbus Overtakes Boeing

Airbus delivered more than 300 aircraft in 2003, surpassing Boeing, the long-time leader, which produced just 281 aircraft.

Every year, Boeing and Airbus publish their latest assessment of the demand for world air travel. Their annual assessments estimate the jet aircraft capacity to meet projected growth in travel demand, and also the replacement market for older service aircraft.

Although there is great similarity in their projections, their numbers do not totally agree, with the primary divergence in product mix.

Their greatest deviation in the past two years is in the "super jumbo" class of aircraft. Airbus wants in on the "super jumbo" market and Boeing wants to protect their exclusivity with their 747 models. Airbus



Competition hots up on Long-Haul Travel

sees a much larger demand for this class of aircraft than does Boeing and is ahead with their A380 super jumbo program. Boeing's muted response was to announce a new 7E7 go ahead in the much smaller 250 seat+ market.

The future of international aviation is set for a period of development unlike any since the first flight of the Boeing 747 twenty five years ago.

The impact of the new Airbus super-jumbo is likely to cause major attention for airport planners as they grapple with passenger flow-systems to handle the increased flow of passengers from these important aircraft. Feather Consulting is helping several airports predict their crucial peak-hour loads expected as their future traffic grows.

iPothesis©: A New Forecast Validation Tool

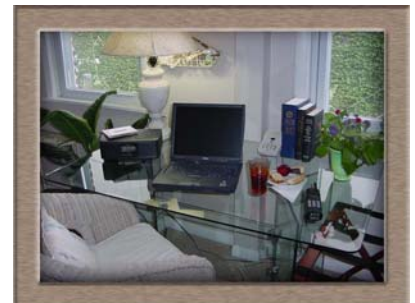
2004 sees the development of a major new forecast validation tool iPothesis© exclusive to Feather Consulting. This innovative modelling framework presents a new way of validating traffic projections. The product developed in-house allows us to take a fresh look at our forecasts and assess their accuracy and comparability.

This new desk-top role modelling technique brings a significant power to our analytical approach and is now available at the heart of all our forecast methodologies.

Furthermore iPothesis© opens up a whole host of potential new applications allowing us to investigate where will an airport be, in traffic and development terms, in years to come. This insight compliments the rigorous analytical approach of our usual fore-

casting methods and allows us to provide much clearer perspectives for our clients.

Importantly it allows a wide variety of stakeholders from airport management to investors to appreciate the potential of their airport and help formulate new approaches to expansion.



New powerful desktop approach to problem solving

Cape Verde Islands: Airport Expansion

These beautiful islands off the west coast of Africa have been an international transit point for many centuries. In the last year ASA, the state airport company of Cape Verde, called in IATA Montreal to help them review developments at many of its island's airports.

The airport at Sal Island was subject to a detailed traffic forecast by Feather Consulting. It has been an important refuelling point for aircraft from South African Airways en-route to North America from the high altitude of Johannesburg. It now has plans to become a major cargo hub for West Africa in the near future.

The New Airport at the capital Praia, on the island of Santiago, is close to completion and a detailed appraisal of its traffic potential was carried out by Feather Consulting. This also included an analysis of routes possible from the new 2105m long runway.

The airport serving the colourful city of Mindelo on the Island of San Vicente, located around one of the finest natural harbours in the world, was also reviewed for its expansion potential. Expand-

ing tourism alongside a developing leather goods and textile manufacturing industry offer some opportunity for improvement of facilities at the airport.

The amazing island of Boa Vista is noted for endless sandy beaches on which, on certain nights of the year, egg-laying turtles come ashore. ASA is investigating the development of the existing airport and the provision of a new runway to open up the island to greater eco-tourism expansion. The development is challenging for the Government of Cape Verde as it wrestles with the dual problem of safeguarding the islands vital ecology whilst addressing the key issue of poverty within these poor island communities.



Cape Verde Islands: An Important International Transit Point for many Centuries

feather consulting is an independent research group providing advice to airports, airlines, financial institutions, governmental organisations and other clients throughout the world.

We provide essential "Value Adding" strategies that integrate closely with all our work. In our forecasts for example we not only provide the key logic that underpins our findings but, importantly, details of the specific route opportunities that will actually lead to any growth in traffic. In our market research we identify the important opportunities that are at the heart of any new business development.

Our flexible approach allows us to deliver a bespoke service generating balanced and informed solutions. A range of research methodologies and comprehensive modelling techniques coupled with in-depth industry knowledge permits us to deliver discrete commercial advantage for our clients.

feather consulting

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