



Newsletter

We present our latest Newsletter with general news and projects of interest.

10 years of Service Success

At the beginning of July 2010 Feather Consulting is proud to celebrate 10 years of successful operations. We are a little bashful of our birthday having managed to thrive and develop, yet simultaneously steer a steady course through several periods of industrial turmoil and change including 9/11, SARS, the fuel crisis and the current financial downturn. We continue to “boldly go” and thank our Clients for their loyalty and service we have been able to provide for them throughout our short lifetime. We hope to continue our development based on integrity, careful attention to detail and robust analytical research. We look forward to further success and are sure the future will remain as exciting to forecast as it has done in the past!

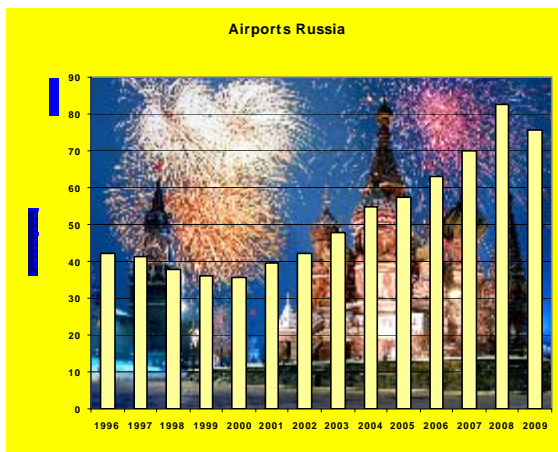
Heathrow (UK), Gatwick (UK), Belfast City (UK), Bristol (UK), Highlands & Islands (UK), Scilly Isles (UK), Liverpool (UK), Leeds Bradford (UK), London City (UK), Muscat (OM), Damman (SA), Jeddah (SA), Doha (QA), Fujairah (FU), Salalah (OM), San Jose (CR), Toluca (MX), Libero (CR), Cancun (MX), British Virgin Islands (BV), Punta Cana (DR), Curacao (NA), Riga (LT), Shremetyevo (RF), Sary Arka (RF), Astana (KZ), Yerevan (AR), Krasnoyarsk (RF), Tashkent (UZ), Aktau, Almaty (KZ), Atyrau (KZ), Istanbul (TR), Bodrum (TR), Malta (MT), Verona (IT), Brescia (IT), Catania (IT), Treviso (IT), Venice (IT), Budapest (HU), Nantes (FR), Sal (CV), Praia (CV), Boa Vista (CV), Mindelo (CV), Maio (CV), Charleroi (BE), Lisbon (PT), Athens (GR), Prague (CZ), Kielce (PL), Lublin (PL), Warsaw (PL), Vancouver (CA), Goose Bay (CA), Baffin Island (CA), Polokwane (SA), Medellin (CO), Quibdo (CO), Monteria (CO), Cucuta (CO), Corozal (CO).

Some of the numerous airport projects Feather Consulting has been proud to be associated with during the last 10 years

2009 Russian Airport Traffic Growth Slows

Traffic development at airports within the Russian Federation saw a sharp decline in 2009 of around 9% on 2008 to around 78.5m passengers. Moscow's three airports remain the largest within the federation with Domododevo remaining the largest (18.67m passengers, -9%) followed by Shremetyevo (14.60m, -3%) and Vnukovo (7,73m, -2%). Other airports include St Petersburg (6.75m, -4%) and Ekateringburg (2.09m -14%) airports.

Feather Consulting is part of a new venture publishing Russian Federation airport results and profiles within the next few weeks. *If you are interested in obtaining a copy contact frank@featherconsulting.co.uk*



Airports in the Russian Federation saw traffic decline 9.2% in 2009.

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All change at London Heathrow

The decision of the New UK Coalition Government to axe the controversial Runway 3 project at London Heathrow prompts a mixed reaction throughout the industry. BAA itself may in one sense take relief from the huge continued bad press of the enormous project and might also be pleased it can now concentrate more fully on bringing the rest of the airport to a more user-friendly state.

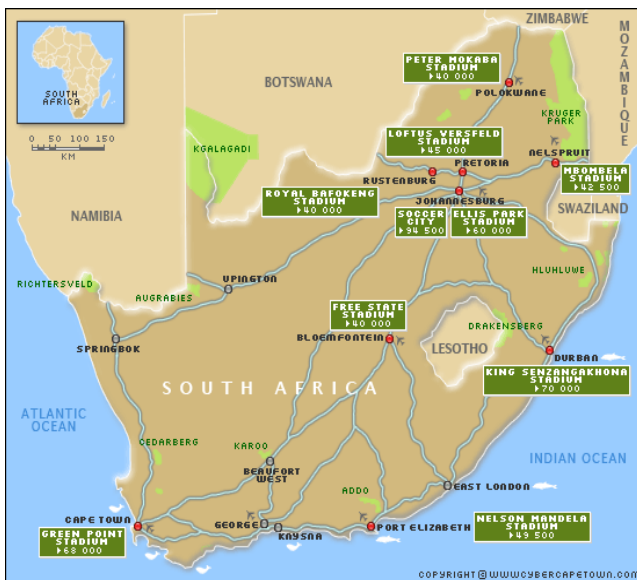
Some regional airports may see the opportunity to expand routes and further traffic development greatly enhanced by continued restricted capacity. Indeed airports such as Birmingham and Edinburgh may be able to make a stronger case for new long-haul routes without the new runway at LHR. However the major airports in Europe such as Paris and Amsterdam will also be glad to hear the news and the opportunity it brings.

There is no doubt however that few in the industry can be pleased with the stop-start nature of UK aviation policy and even fewer keen to see so many UK jobs put at risk by this sharp change of policy direction.



Congestion likely to be a thing to live with at LHR in years to come

Traffic Bonanza for South Africa World Cup 2010



The Airports of South Africa will be very busy during the 2010 World Cup Tournament

As South Africa hosts the 2010 World Cup safe and efficient processing of all the football visitors is the major focus for the Airport Company of South Africa (ACSA). The principal airport is Johannesburg (JNB) with over half of all traffic in the country. In the financial year 2009/10 ending in March, the airport saw nearly 17.6m passengers, a slight decline of 1.6% on the previous year. Around 8.2m passengers are international showing the importance of the airport as the premier gateway to the country.

Other international airports include Cape Town which handles around a quarter of all traffic (7.3m passengers with 1.3m International) and Durban 13% of all traffic (4.3m passengers and just under a million international). The prospects for development of the airport at Polokwane, one of the football venues, was reviewed by Feather Consulting in 2004.

Travelling around the country has been a short-lived traffic bonanza for many carriers including South African Airlines and its low cost subsidiary Mango. Even BA through its partner airline Comair and low cost subsidiary Kulula stand to gain during the tournament. But carriers such as MD80 operator 1time and numerous private aircraft charter operators will clearly be winners, ferrying fans and teams between venues.

Vinci Airports Expansion Continues

VINCI Airports has been managing the Grenoble-Isère, Chambéry-Savoie and Clermont-Ferrand-Auvergne airports since 2004 and Quimper-Cornouaille airport since March 2009.

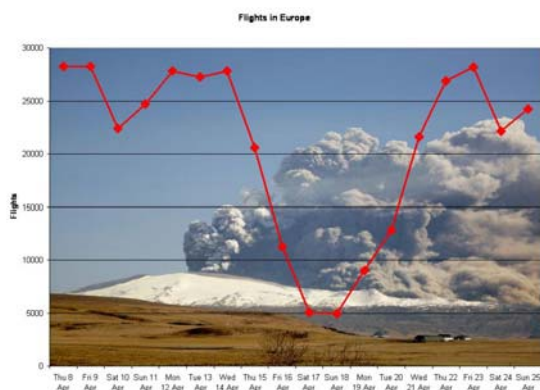
More recently, it took on Rennes and Dinard airports in the framework partnership via the delegation of public services contracts. It has developed a specific management structure and development project for each of these airports, in line with local requirements.

In 2009 VINCI Airports served a total of 1.8 million passengers and generated total revenue of around €45 million .



Aéroport de Clermont Ferrand—Auvergne handled 393,700 passengers in 2009.

Europe Quick to recover from Ash Cloud



Flights in Europe dropped from ~ 28,000 to 5,000 a day during the crisis.

Eurocontrol¹ has released data relating to the air-space closures in Europe resulting from the eruption of the Eyjafjallajökull volcano.

Over the main period of the crisis (15th -22nd April), there was disruption to over 100,000 flights and 10 million passenger journeys. Aside from Iceland, Finland, Ireland and the UK saw a 90% reduction in traffic in April over 5 consecutive days. Low-cost traffic was the hardest hit, losing 61% of flights over the 8-day crisis, compared to 48% for all traffic.

One of the most remarkable achievements was that of Icelandair which saw its home base at Keflavik closed by the ash cloud. It swiftly relocated its entire transatlantic hub operations from the airport to Scotland with passengers using Glasgow as the main transfer point for flights between USA and Europe. Passengers bound for Iceland itself used the small airport at Akureyri which remained open throughout the crisis.

With an increase in capacity this summer the airline is hoping to exploit the added interest the volcano has indirectly created for tourist activity to the small country. Perhaps there might just be one silver lining to the ash cloud after all! . ¹See Technical News www.eurocontrol.int/eec

New Doha International Airport



A view from Google Earth showing the exciting NDIA taking shape.

All eyes are turning to the spectacular New Doha International Airport in Qatar which has been in planning for several years. It is located six kilometres east of the city of Doha just three kilometres east of the existing airport. It occupies a huge area of land estimated to be around 22 square kilometres with much reclaimed from the sea. A twin runway development is under construction, scheduled for opening sometime in 2011-12 and boasting one of the longest runways in the world at 4850 metres.

In a project led by US Contractor Bechtel, the \$14bn airport is phased in development and the opening phase is expected to handle 24 million passengers a year.

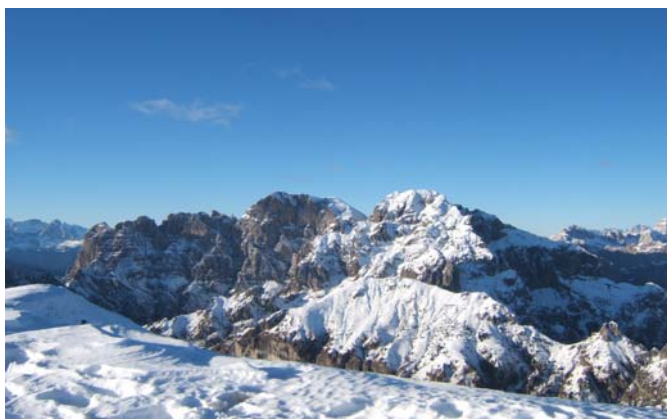
The airport is set to deliver a major home base for rapidly growing Qatar Airlines. Indeed the impressive growth of the carrier has seen its fleet has rise from just 19 aircraft in 2002 to over 75 in 2010. Next year will see its fleet exceed 100 aircraft. Serving over 90 cities passenger numbers have been growing on average by around 25% per annum over the last 8 years reaching 14 million passengers carried. Feather Consulting was associated with this exciting and challenging new vision for Qatar in the early years of its planning.

SAVE Treviso

The airport at Treviso in the Veneto region of Northern Italy continues to expand. In the first five months of 2010 passenger traffic has risen by over 20%. In 2009 1.78m passengers were handled by the airport. Ryanair is the principal carrier with services to over 25 destinations.

Treviso has some major claims to fame being the headquarters of fashion retailer Benetton and home of DeLongi, the domestic appliance manufacturer. The airport is a gateway to the Italian Dolomites offering winter skiing and spectacular summer holiday scenery. Its major role however is to provide a low cost alternative to Venice.

Treviso Airport has, since 1996, been a part of the Sistema Aeroportuale di Venezia - SAVE S.p.A., the Company that runs Marco Polo Airport (VCE) in Venice with a holding of 80%. Feather Consulting has been proud to be associated with SAVE SpA for several years.



Some of the spectacular scenery near Feltre in the Dolomites north of Treviso

Protectionism and Capacity Challenge

A war of words seems to be breaking out among the major carrier community with threats of slot restrictions and protectionism flying around. Both Lufthansa and Air France/KLM seem up for the fray. The particular target for their venom is Emirates, the Dubai based carrier.

There is unease felt by executives at these major airlines over Emirates' continued growth and profitability. It stunned rivals last month by announcing plans to boost its fleet of Airbus A380s to 90 from 58 worth \$US11 billion. It also announced a record profit of \$1.1bn representing an increase of 248%.

At present Emirates is keen to serve new destinations Berlin and Stuttgart. However, Lufthansa said that Emirates is clearly trying to divert airline traffic from Germany to the UAE. The airline has also said that by allowing Emirates to serve more destinations in Germany would mean that German jobs would be lost to Dubai.

However Emirates argue that a bigger presence in Germany and France would provide economic benefits for both countries. The carrier has already pointed out that its recent order for more Airbus A380s will contribute both directly and indirectly to tens of thousands of jobs in Europe, many of which are in Hamburg and Toulouse. This may not be quite the jobs threat LH and AF/KLM has in mind!

It seems fairly clear that to advocate restrictive access in this way would be a retrograde step; it would not serve openness in international trade and would inevitably reduce economic benefit overall. Competition, tough though it may appear is vital for the industry and without



One of Emirates rapidly expanding A380 fleet at Dubai earlier this year.

it innovation would be stifled and value diminish.

European carriers have been slow adapters and their recent strategies of consolidation have typically been part of a goal to bring some rationalisation to the industry. Restricted airport capacity, high speed rail, slot congestion and scarce energy resources all inevitably point to larger more efficient aircraft and it is hard to see how this process can be prevented. Restricting access will only lead to fewer services, fewer jobs and increased fares.

Emirates has made a bold step forward in placing its major order. It may just have made the step-change the industry needs to force other mega carriers to re-appraise their future fleet plans, re-define the system long haul capacity and re-shape global aviation for years to come.

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Feather Consulting is an independent research group providing forecast advice to airports, airlines, financial institutions, governmental organisations and other clients throughout the world. Our flexible approach allows us to deliver a bespoke service generating balanced and informed solutions.

A range of forecast methodologies and comprehensive modelling techniques coupled with in-depth industry knowledge permits us to deliver discrete commercial advantage for our clients.

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