Positioning for freighters

- an airport perspective -

Nordic Air Cargo Symposium | 30 March 2017

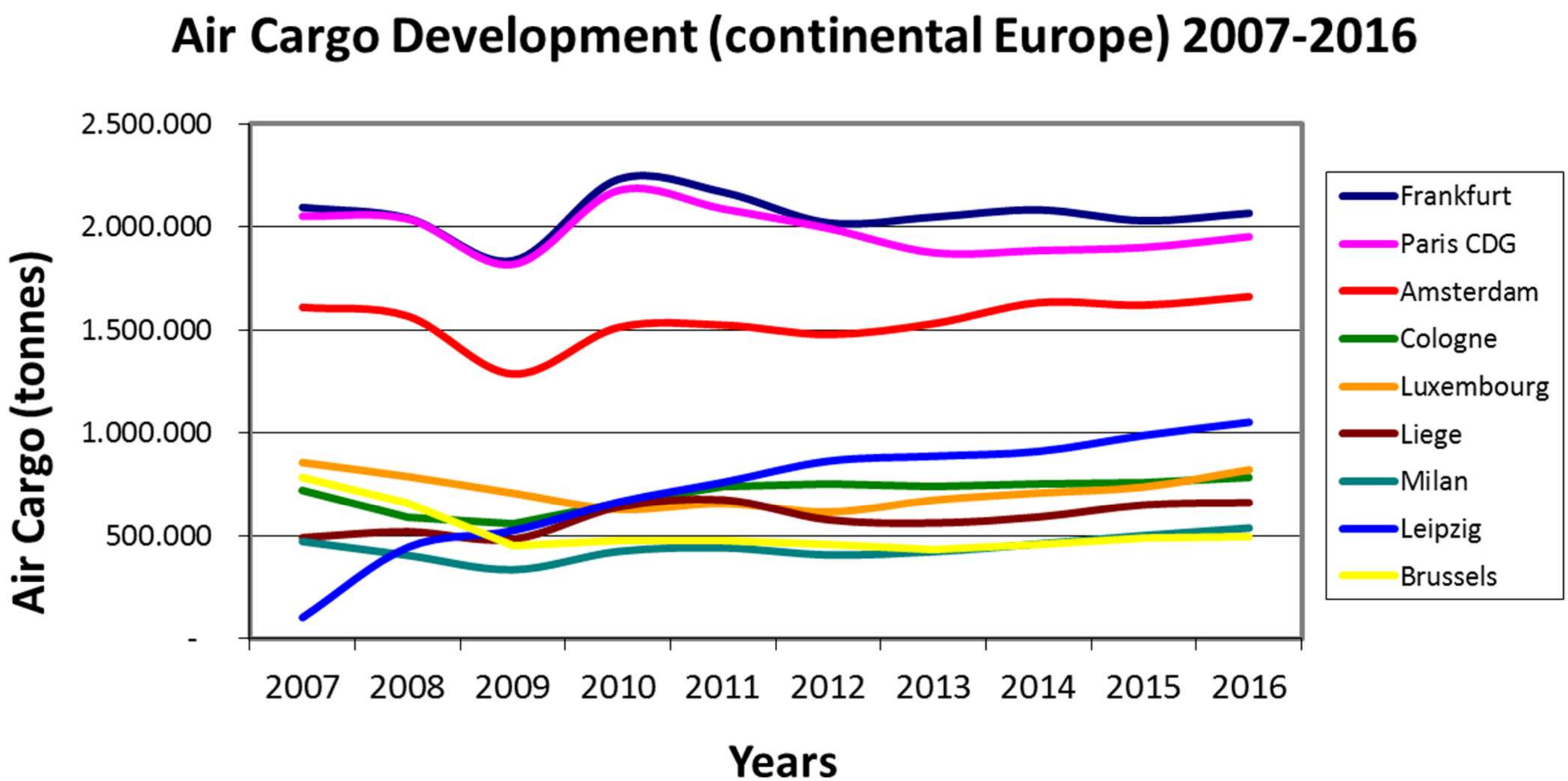
Stratagem Consulting

Worldwide Airport Management Services

- Stratagem Consulting consists of a small and *dedicated* team of experienced professionals
- Our *experience* is built on Amsterdam Airport Schiphol, one of the leading airport companies
- We *support* airport management worldwide in identifying both daily and long-term *strategic* questions

Growth of air cargo

Lost decade 2007-2016



Freighter origins

Use of freighters in the air cargo chain:

- Limited space on passenger aircraft
- World trade growth (airport volumes: double digit)
- European and Asian flag carriers
- Expanding catchment area by air cargo trucking
- Growing hubs (marketplace – full freighters & forwarders)

For airports:

- Dedicated business, volume jumps, separate pricing, attractive business model related to real estate

Freighter demise?

Less demand for freighters:

- Cargo capacity on passenger aircraft (7/7 schedules, new types)
- Mid-size and regional European airports attract intercontinental passenger - MEB3 - flights with substantial belly space
- World trade slowing down
- Phase-out of freighters with European flag carriers (AF/KL/BA)
- Concentration of freighter carriers

For airports:

- More competition: belly and full freighter capacity offered on intercontinental routes at mid-size airports
- Advantages: faster throughput, less handling, less trucking, lower costs?

Freighter demise?

Source: Aviation Week

So where are the freighters

Segments, suppliers:

- Concentration of freighter carriers (Cargolux, AirBridgeCargo)
- Lufthansa Cargo/Aerologic only combination carrier in Europe
- Continuous growth within integrator segment
- Growth amongst MEB3, China

For airports:

- Full freighters hold position at hubs
- Integrator (sub)hubs will grow
- Limited freighter growth at mid-size airports

When opportunity knocks

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Source: Digital Trends, Boeing

Possible scenario's

I. Base or '*standstill*' cargo scenario (*)

- Top 3 European airports maintain position: economies of scale, gateway, marketplace, trucking and air network
- Mid-size airports growth through increased belly capacity

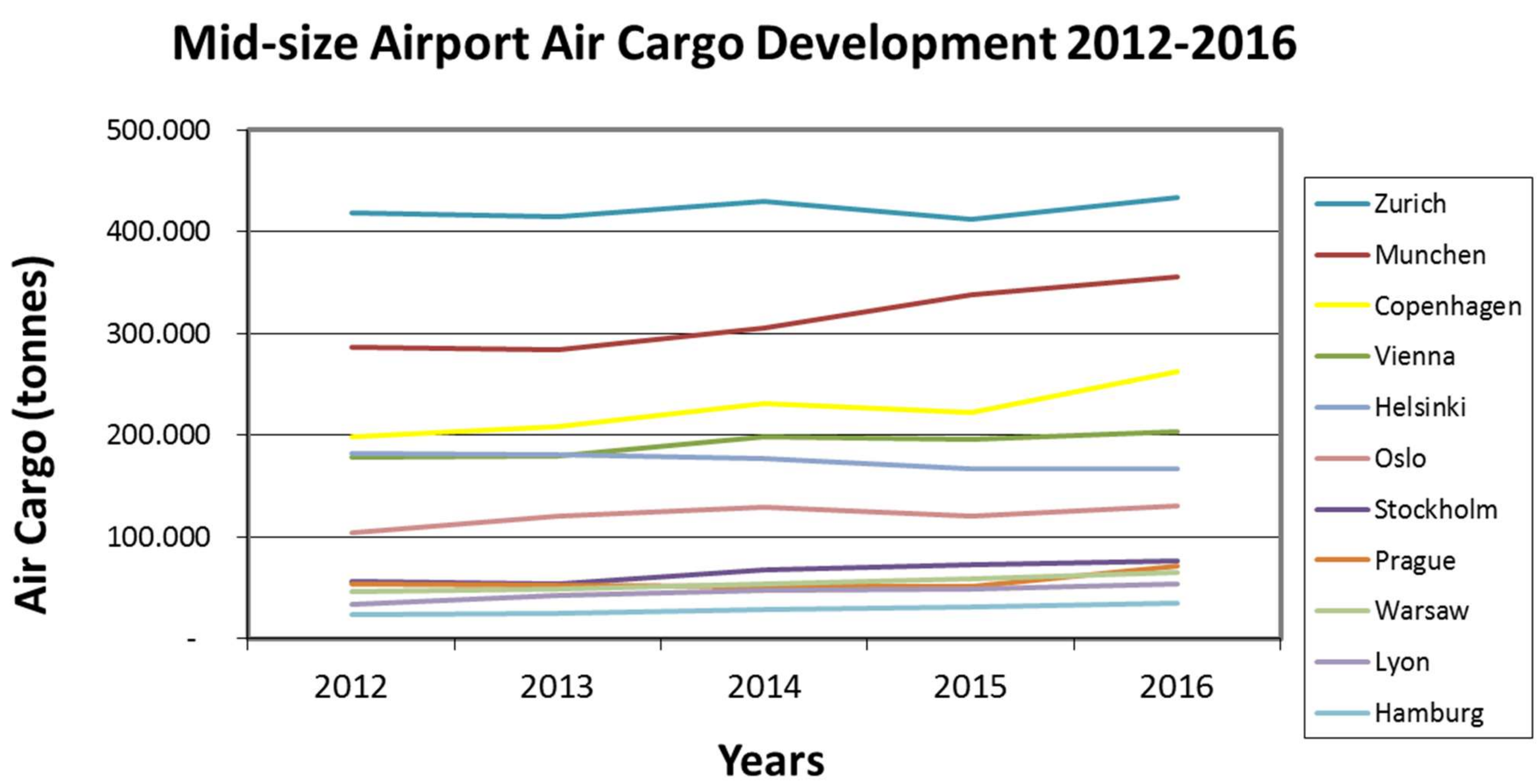
II. Hubs under pressure

- Growing cargo capacity can affect the trucking network (volume/cost/density) and therefore growth potential of hubs
- Near sourcing can strengthen regional growth
- Regional instead of 'European' distribution (EDC to RDC)
- E-commerce hubs as new entities

(*) General cargo market, excl. integrators

Substance for Scenario II.

Accelerating growth, upward pressure?



Airport positioning

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Recommendations for mid-size airports:

- Focus on network capacity and frequencies
- Create landside capacity for support services
- Operational excellence for the cargo product as a prerequisite
- **Don’t let freighters become a blind ambition!**

Regain market share in regional cargo

Is your airport perfectly positioned for tomorrows’ freighter?

Source: DHL Parcel Europe

Q&A

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Your questions now…
or later!

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