



Plane Talk

psi

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Media Owners

JCDecaux has completed its takeover of Titan Outdoor, increasing their share of the UK outdoor market to a massive 29%. Under the takeover, JCDecaux will absorb Titan's sizeable inventory, including shopping mall and rail sites, complementing their traditional strengths in roadside and airport environments. This takeover will strengthen their position in the UK and is seen by Chief Executive Jeremy Male, as a 'great fit' in the portfolio.



JCDecaux have also reported some improvements in its UK performance during the last quarter of 2009, after declaring full year revenues for the group coming in at Euros1.9bn, down from Euros2.2bn in 2008.



At the time of writing, the anticipated announcement from BAA concerning the outcome of their advertising tender process, is over 2 weeks late. Speculation is rife and there is little consensus of industry opinion as to who the likely winners and losers will be.

Coincidentally, other major concession awards are due this year including New Delhi (also running late) and the Paris airports. Strategically, the latter are of critical importance to JCDecaux given their location. Watch this space.....

Clear Channel have had some success in the US market, picking up the concession for Miami Airport, with a handover date still to be confirmed. Furthermore, in Denmark, they have just taken over Copenhagen Airport from the beginning of this year, to add to their existing Scandinavian portfolio, which already includes Helsinki and Oslo airports.

Airlines

Just as Delta Airlines and Northwest have been given the go-ahead to merge and create what will be the world's largest airline, BA and Iberia are all set for their own marriage to proceed as soon as the end of Q1. This has been mooted for quite some time but it seems it will all finally come to fruition sooner rather than later. Actual integration will be a slow process.

In other BA news, the airline has posted a surprise profit of £25 million in Q3. This has been achieved by lower operating costs, although these will remain under pressure with the threat of industrial action by cabin crew at the beginning of next month still on the horizon.



Early signs of the competition for airlines between Gatwick and other airports are emerging. The new Gatwick owners could be set to woo Ryanair away from its stronghold at Stansted, with promises of low costs and improved service. Potentially, a large proportion of Ryanair's 109 routes could move from Stansted, which is claimed by CEO Michael O'Leary to be one of the most expensive operating bases in Europe. Gatwick is set to undergo massive improvements in its services and facilities, especially the check-in areas, baggage handling and security.

Airlines (continued)

Elsewhere, more airlines are beginning to consider 'fat tax'. A recent survey by Skyscanner indicated that 76% of respondents agreed that overweight passengers should pay more and purchase a second seat. It appears that passengers are fed up with being squashed in the already cramped conditions of some airline seats. Southwest Airlines in the US already enforce a policy of

second seat purchase for the obese, with a refund given should the plane not fly at capacity. This sensitive matter has already ended up at Canada's Supreme Court, which ruled that obese and disabled travellers may not be forced to buy a second seat. However, this ruling is being disputed with the argument that disabled passengers and the overweight should not be categorised as the same in this particular context.



Good news for those travelling economy on long-haul Air New Zealand flights, as lie-flat beds are to be introduced later this year. This is not as simple as it first looks; passengers will have to purchase two regular seats at full price and a third seat at half price, in order to experience the seats, branded as 'Skycouch', that convert into side-facing sleeping quarters (or a children's play area).

ANZ, who have the distinction of flying greater distances non-stop than any other airline, has made the move to try to put 'the magic and romance back into flying'. Romance? On a pull out flat bed? Hmm. It is hardly Concorde, and how do the seatbelts work sideways on? Either way, the move reflects many airlines (including KLM & bmi) who are instigating new services for the in-between "premium economy" market, usually at the expense of the Business Class segment of the market.

As one door closes (Heathrow Terminal 2 has now shut after 54 years of continuous operation) another one opens. A welcome return of the "downtown check-in" phenomenon has taken place, in London. A selection of airlines (American, Iberia, Delta, United and Finnair) have re-introduced check-in facilities at the Paddington station end of the Heathrow Express service. Once again, it is now possible for passengers on these carriers to check in for their flights before boarding the HEX. They can choose their seats, print their boarding passes and check their baggage, as if they were already at the airport. This facility, which was introduced originally when Heathrow Express started, is hoped to attract other airlines to the scheme soon.



Airports

The infamous body scanners have been unveiled at London Heathrow following the recent attempted terrorist attack in the US. The measure has also been implemented at Manchester Airport, where the threat is also seen as a possibility. Under new laws, Individuals who refuse to be scanned at random will not be allowed to fly. Predictably there have been arguments that the body scanners are invasive and breach privacy laws.



2009 full year figures for most European airports – although still unaudited - have now been released. It appears that the Eastern Bloc countries have the most to celebrate *and* lament at the end of the most difficult year for the aviation industry in living memory. Latvian and Albanian airports experienced a 10.2% and 10.1% increase in passengers respectively.



Airports Cont'd

At the other end of the spectrum, Estonia and Lithuania had the worst performance figures with losses of 25.7% and 36% in passenger numbers. Spain suffered the most out of the big 5 European markets with a loss of 8.5%, whilst Italy did the best of the big players with a smaller 2.3% loss.

In a classic case of "who guards the guards?", BAA's appeal against the Competition Commission's ruling has succeeded in proving that possible bias could have affected the outcome of the original investigation.

We now hear that the Competition Commission is "appealing against the appeal". What happens next to the airports identified for sale is not clear. Gatwick has already gone but it remains to be seen if the decision for the other two (Stansted & Glasgow or Edinburgh) will change following the tribunal's latest ruling. More on this in due course.....

In the meantime, in a new development, a 12% stake in Gatwick Airport is to be sold to the South Korean National Pension Service, which expects to take advantage of a rebound in air travel that will benefit Gatwick in the medium and long-term.



London **Gatwick** Airport

Lastly, for the first time ever, 2009 saw the Asia Pacific region eclipse the world's hitherto largest aviation market, the US, in passenger throughput terms. APAC numbers for last year are reported by IATA to have grown to 647 million, compared with 638 million within North America. They estimate that 'By 2013, an additional 217 million travellers are expected to take to the skies annually within the APAC region', such is its potential. The global air transport industry will triple in size when Asians travel as much as those in the US. Certainly, Air Asia, Cathay Pacific and Singapore, are all flagging a recovery in demand for air travel during 2010. Domestic air travel in China grew at between 15% & 20% per month, at the end of 2009, with International traffic up as much as 14% during the same period.

