V4

‘Serving the Netherlands’

Joop Krul

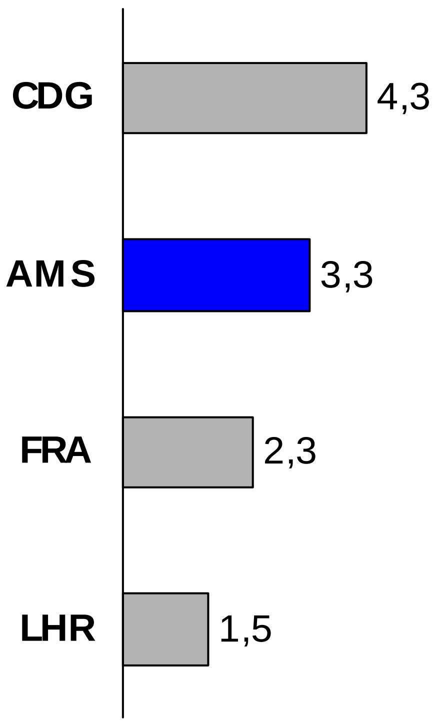
Airneth Conference, 16-04-2009

Agenda

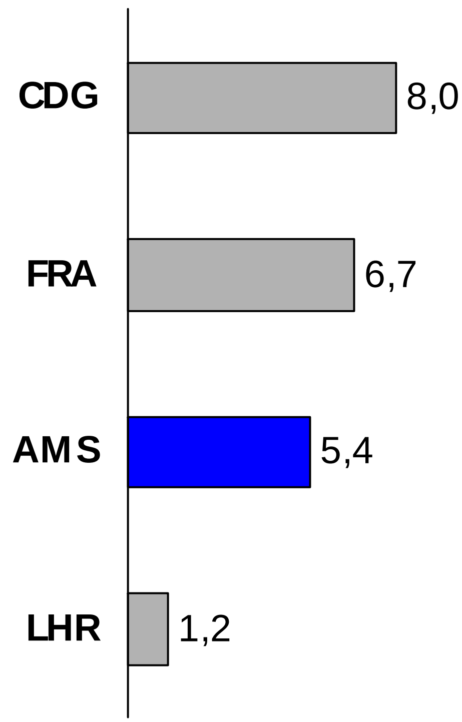
- **Schiphol – The story so far**
- Competitive position under pressure
- Reassessment of our strategy
- Next steps

In recent years AMS has done quite well compared to the other traditional big European airports

Growth pax
CAGR 2002-2007, Percent



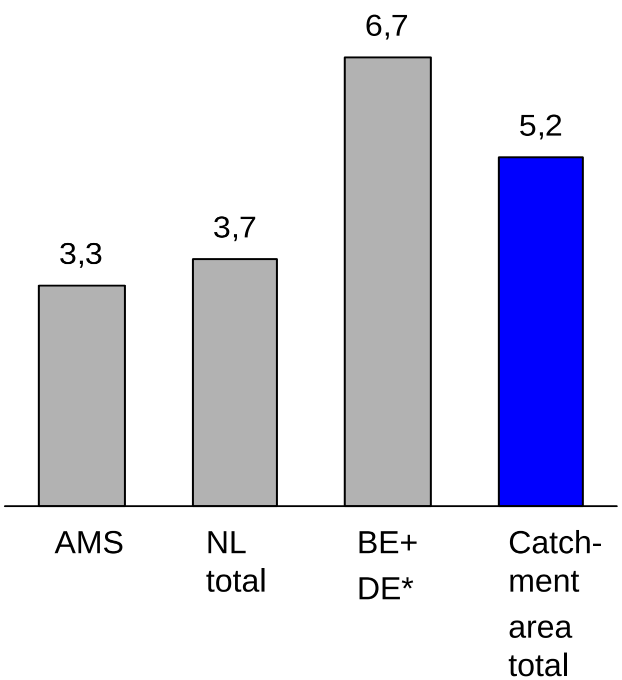
Growth cargo
CAGR 2002-2007, Percent



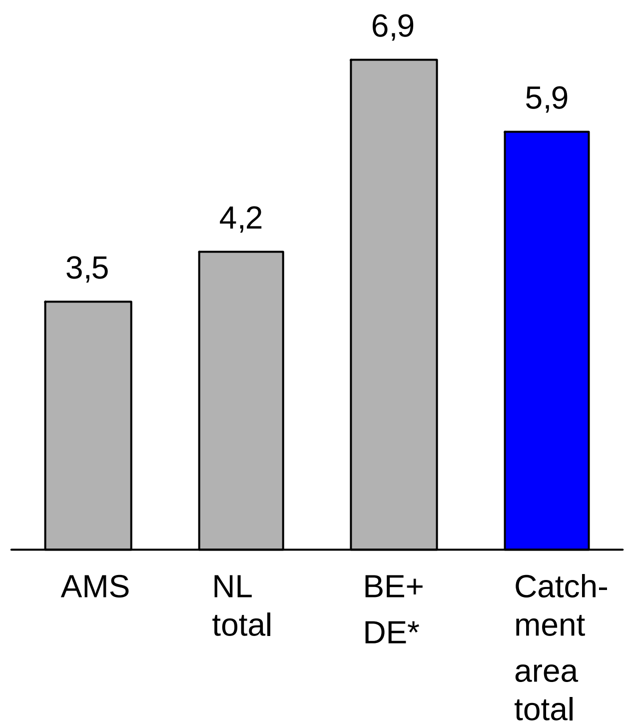
Source: Airport statistics

However, compared to other airports in the catchment area, development of AMS has been slow

Growth pax in catchment area
INCL. transfer
CAGR 2002-2007, Percent



Growth pax in catchment area
EXCL. transfer
CAGR 2002-2007, Percent

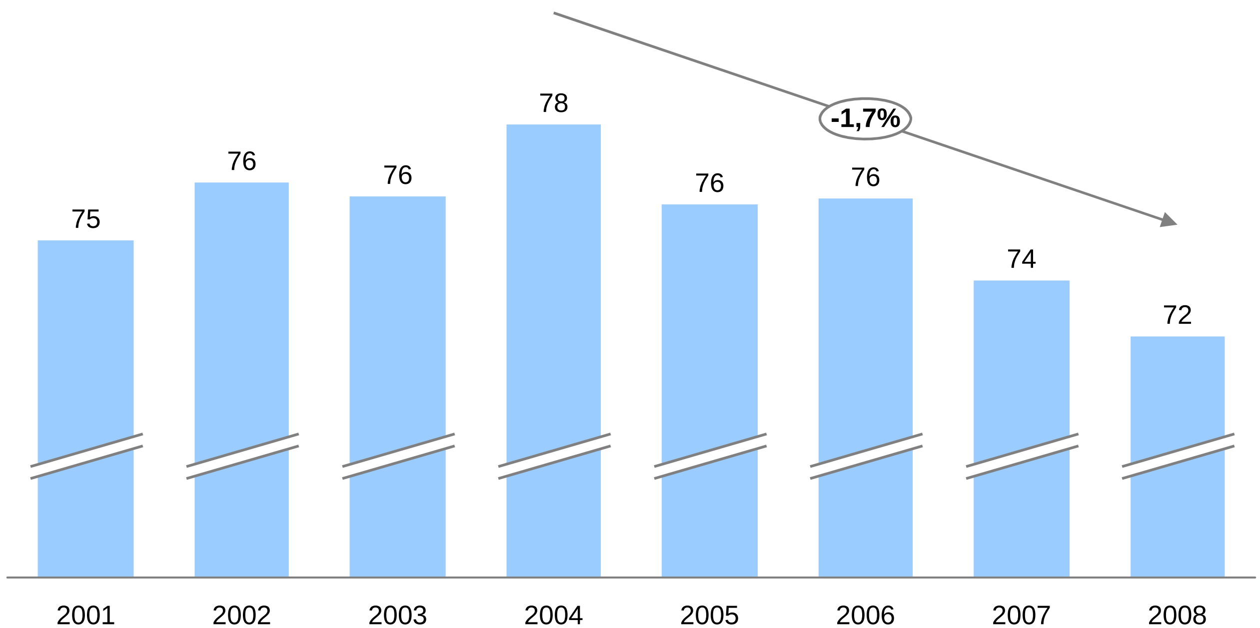


- In the past years growth of Belgian and German airports in the catchment area has been nearly twice as high as Schiphol and the Netherlands as a whole

* BE: ANR, BRU, LGE, CRL; DE: BRE, FMO, DUS, NRN, CGN, DTM
Source: Airport statistics

But other secondary hubs, such as MUC, MAD, VIE en ZRH, have benefited more than the traditional ‘big four’

ICA traffic – share 4 major EUR airports (LHR, FRA, CDG, AMS) vs. MUC, MAD, VIE and ZRH, 2001-2008, %*

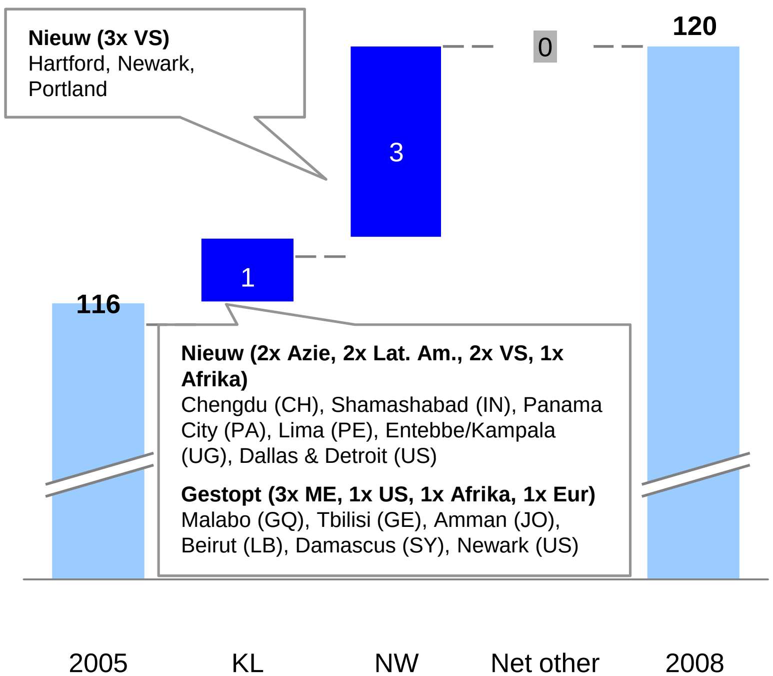


* 100% is total ICA traffic on those eight airports

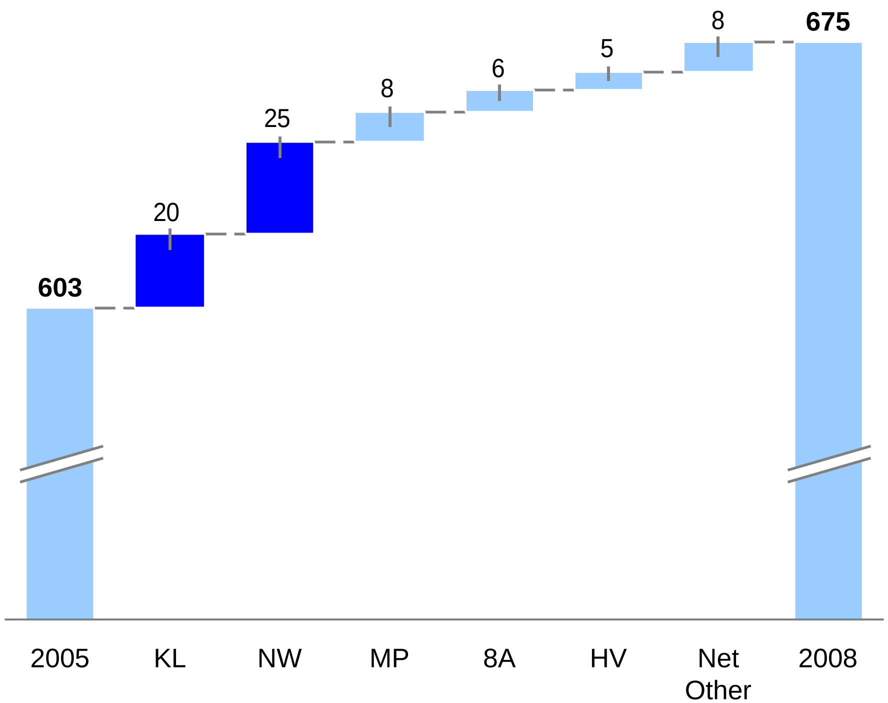
Schiphol Group

Growth of ICA network in recent years has been fueled primarily by the hub

ICA unique airline/destination combinaties, 2005-2008
#



Flights per week, 2005-2008
#



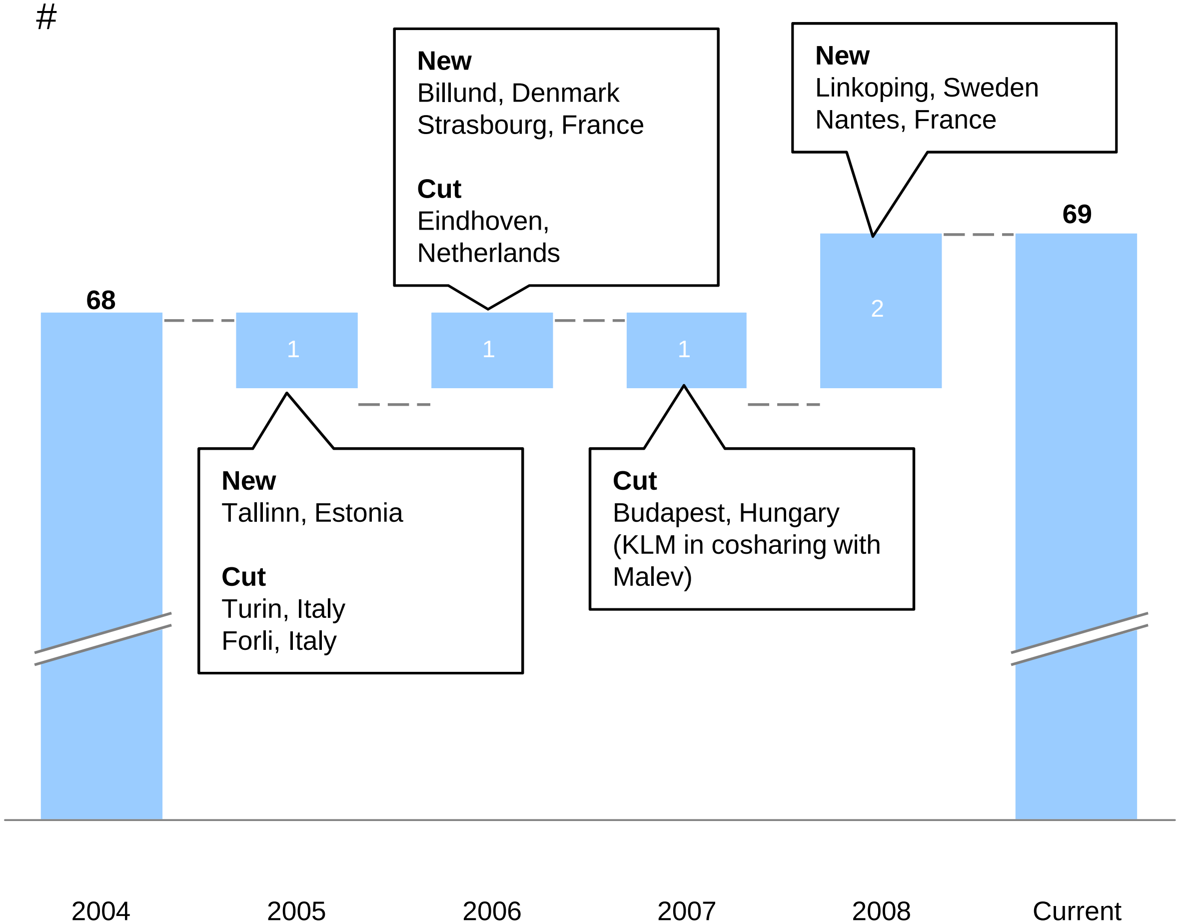
Source: OAG data from APG

SkyTeam

Schiphol Group

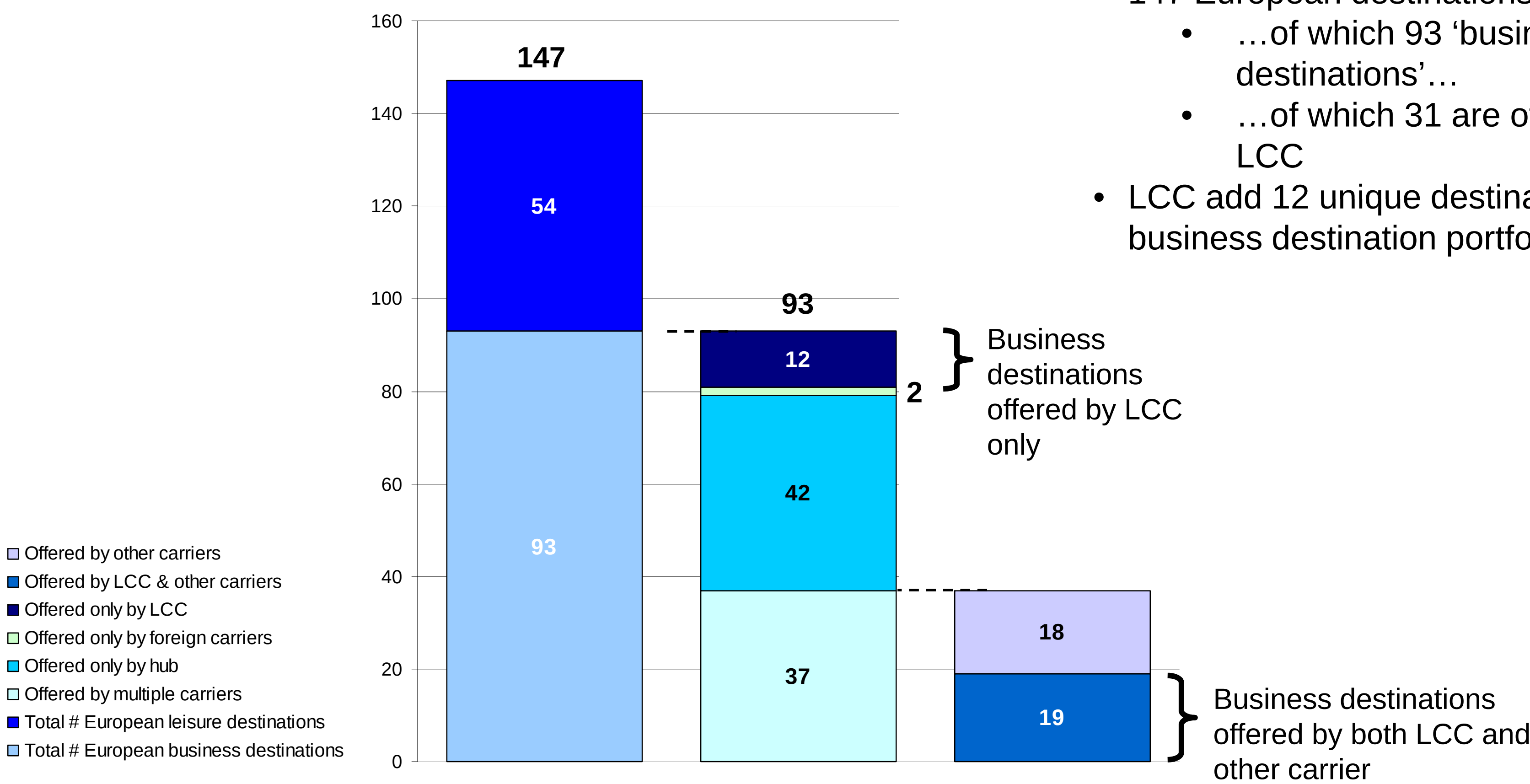
Whereas in Europe the contribution of hub to network development has been poor

Unique destinations SkyTeam in Europe, 2004-2008
#



Source: OAG data from APG

On Schiphol Low Cost Carriers offer unique connections to business destinations and add to the total network portfolio



- 147 European destinations…
  - …of which 93 'business destinations'…
  - …of which 31 are offered by LCC
- LCC add 12 unique destinations to the business destination portfolio

Agenda

- Schiphol – The story so far
- **Competitive position under pressure**
- Reassessment of our strategy
- Next steps

Competitive position is under pressure

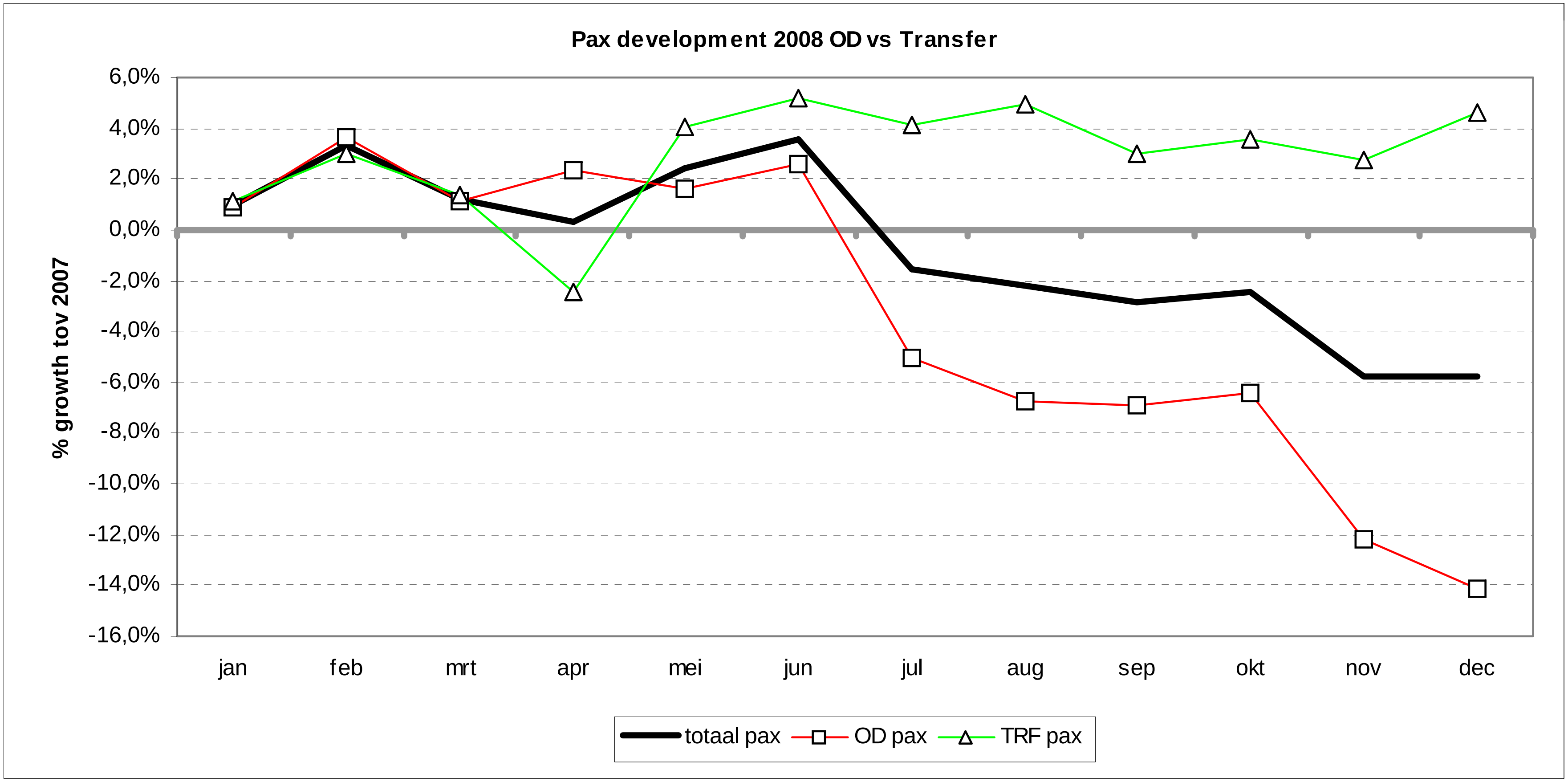
Loss of market share in transfer and OD market

Declining quality perception in home market

High airport charges, certainly after introduction tickettax

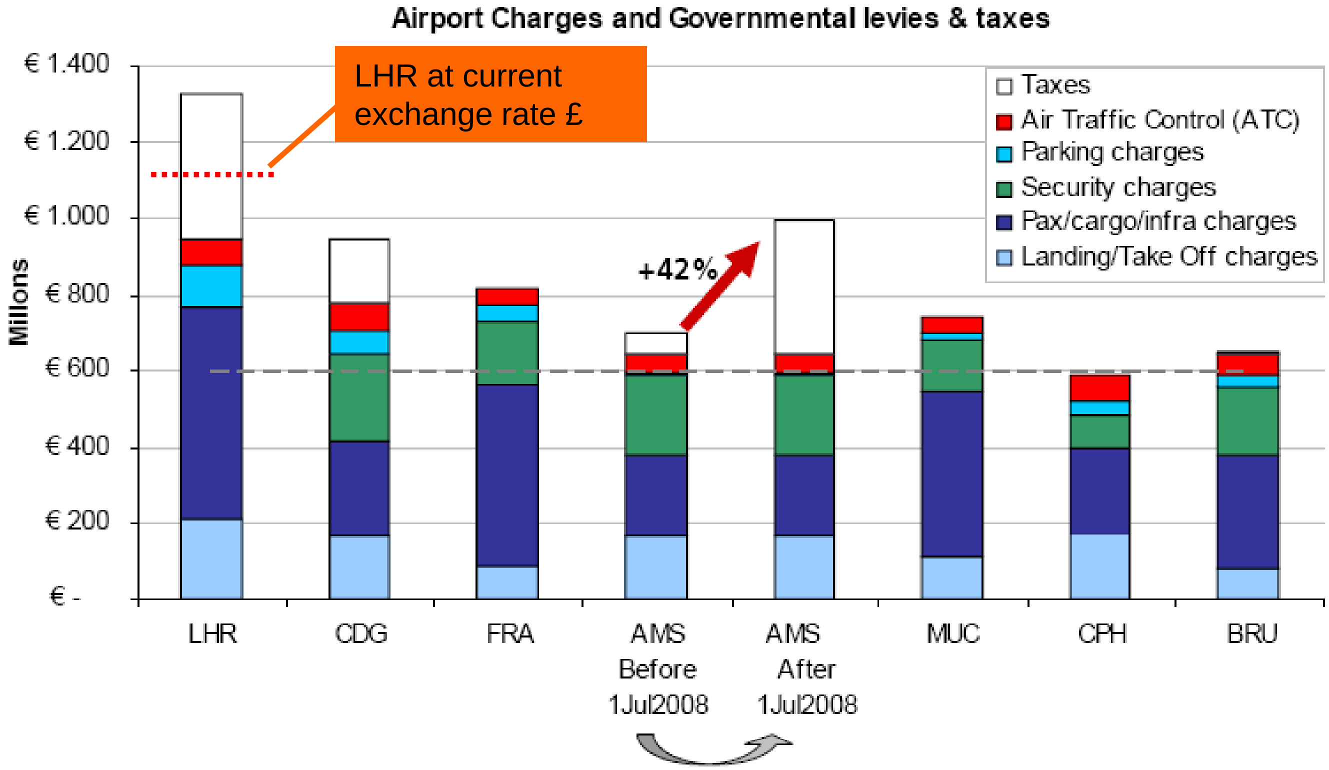
Public support under pressure

2008 showed a sharp decline in passengers due to tickettax and economic downturn



AMS second most expensive airport in Europe

EUR mln. airport charges Schiphol vs. other hubs, projection Schiphol traffic on other airports

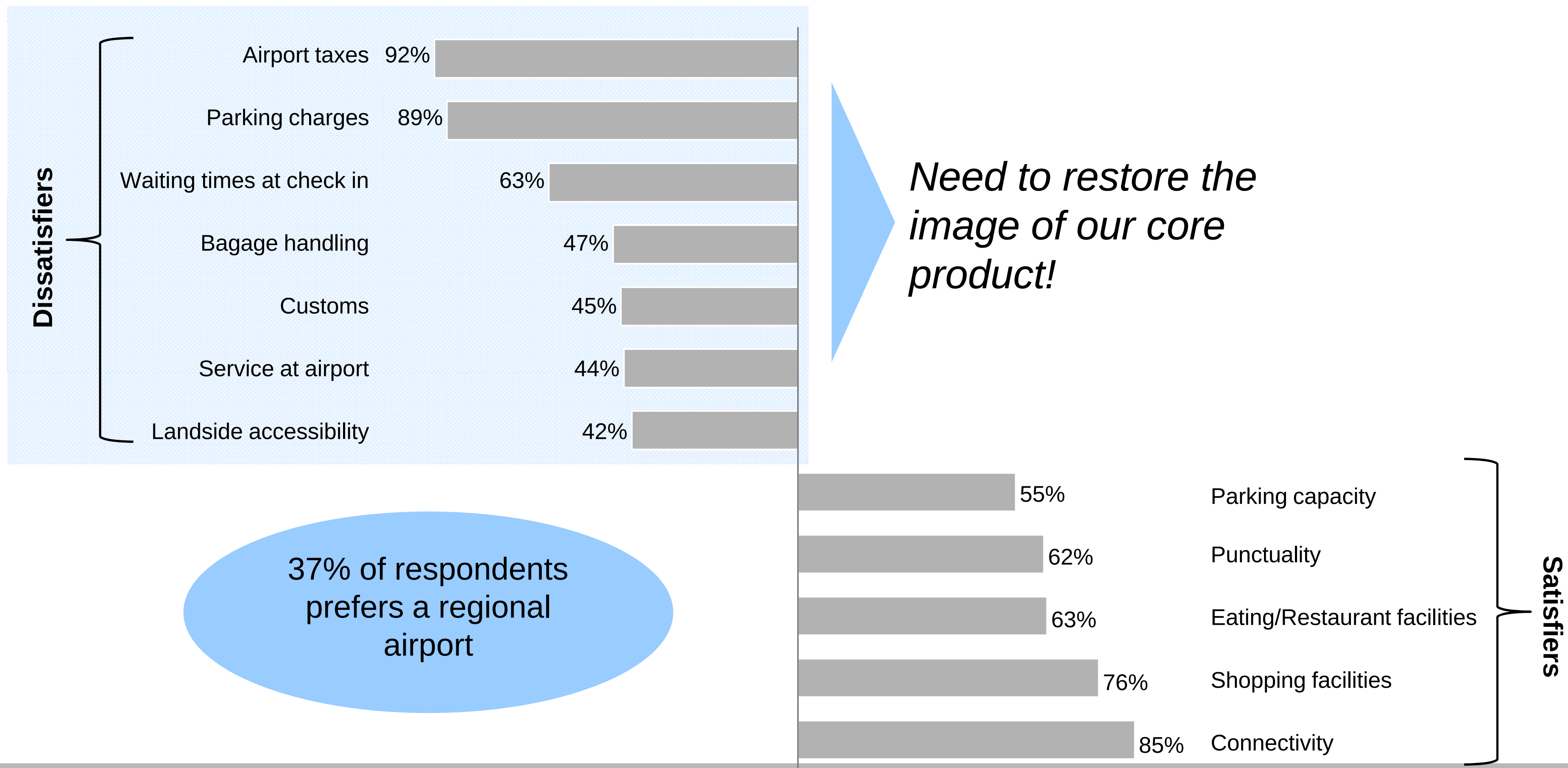


Due to steep differentiation in tariffs for transfer and OD, **AAS has become the most expensive airport in Europe for OD-carriers**

Source: Schipholbenchmark

Recent surveys indicate that Dutch passengers are increasingly critical towards AMS

Quality aspects mentioned by respondents
% of respondents, total = 3,000

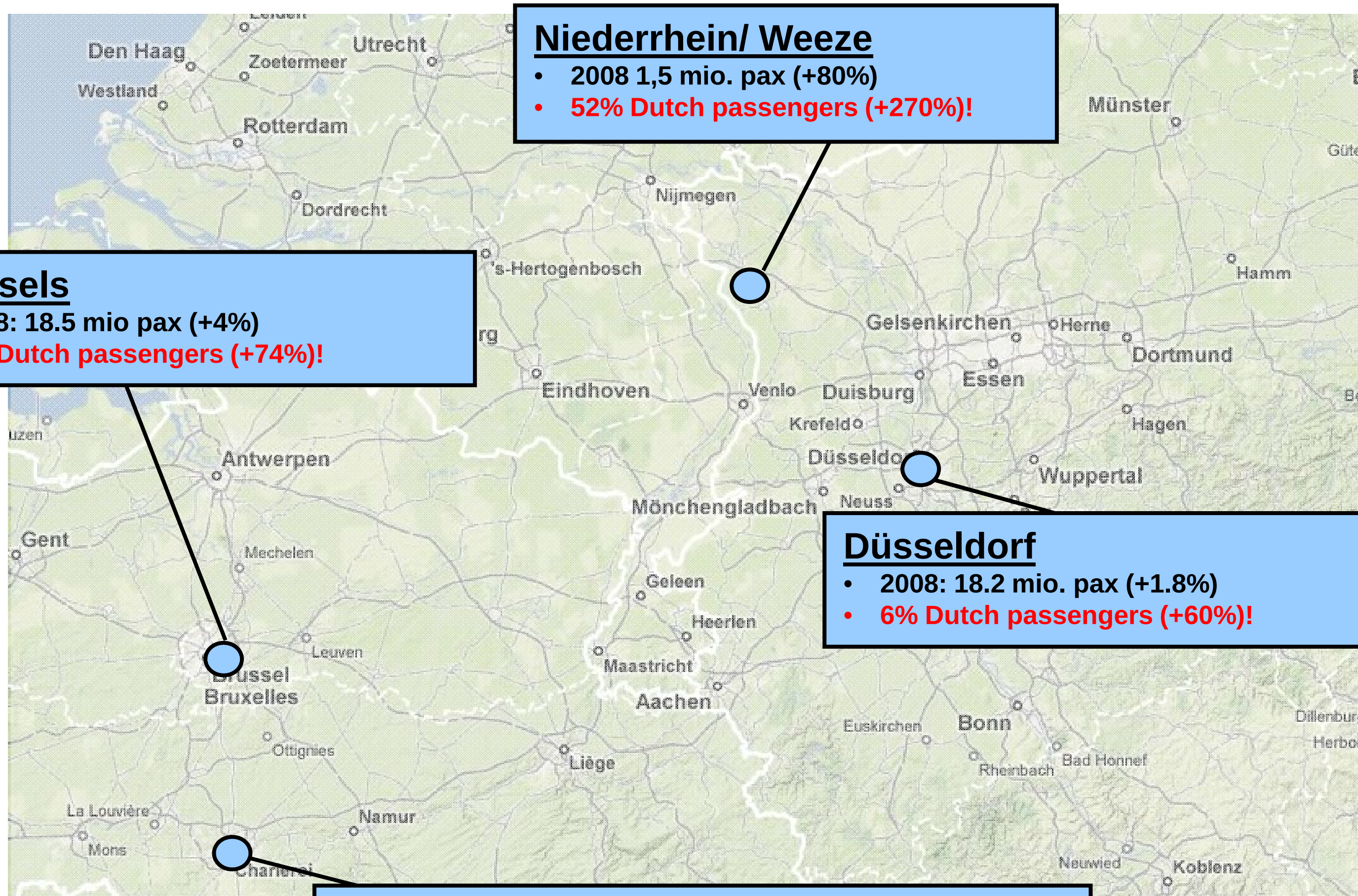


Need to restore the image of our core product!

37% of respondents prefers a regional airport

Source: case – lezersonderzoek TMG, summer 2008

AMS is loosing market share to foreign airports within the catchment area



Niederrhein/ Weeze

- **2008 1,5 mio. pax (+80%)**
- **52% Dutch passengers (+270%)!**

Brussels

- **2008: 18.5 mio pax (+4%)**
- **6% Dutch passengers (+74%)!**

Düsseldorf

- **2008: 18.2 mio. pax (+1.8%)**
- **6% Dutch passengers (+60%)!**

Brussels South Charleroi Airport

- **2008: 2.9 mio. pax (+20%)**, Nov. +18% and Dec. +16%
- **18% Dutch passengers (+20%)!**

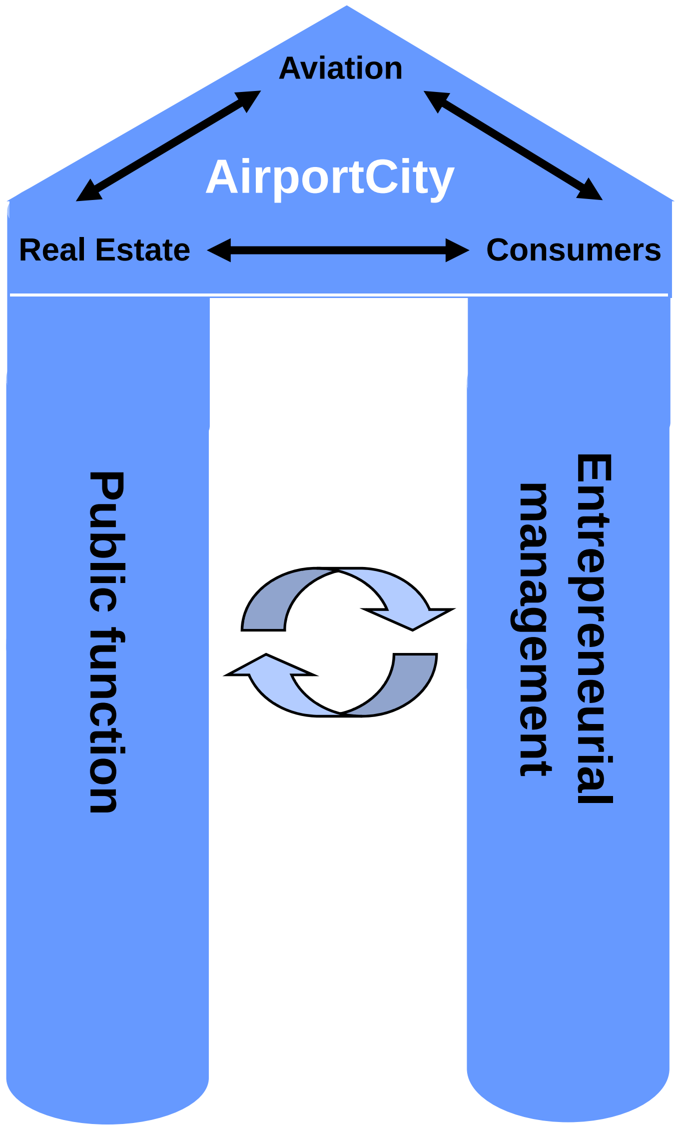
Agenda

- Schiphol – The story so far
- Competitive position under pressure
- **Reassessment of our strategy**
- Next steps

Reassessment of the company's public interest makes strategic repositioning of Schiphol Group necessary

- Mission: 'Serving the Netherlands'
- Core: 'Facilitating connectivity'
- Aviation most important business driver and generator for all other activities
- Sustainability, innovation and quality are essential for our license to grow and to distinguish us from our competitors

Schiphol Strategy is based on two pillars



- 'Serving The Netherlands'
- Schiphol as an important driver for the economy and the regional competitive position
- Schiphol as a sustainable and efficient multimodal hub which connects The Netherlands with the rest of the world

- Financially robust corporation
- Competitive and innovative management, pro-active, client focused, lean & mean, inspired and hospitable

AMS ambition: 'Preferred airport in Europe!'

Volume driven strategy:	*Quality driven strategy*	*Cost leadership strategy:*
Largest airport (one of the)	**Preferred airport in Europe**	**Lowest costs airport (one of the)**

• High ranking in Europe/ world's largest airports
• Serving all customers
	• Best airport by top ranking in:
	  • Network (pax/cargo)
	  • Most satisfied passengers
	  • Most satisfied forwarders
	• Best place for business and leisure
	• Great value for **targeted** airlines
	• Integrated logistics market place and gateway
	• Sustainable competitive advantages (innovation)
	• Great workplace with inspired employees
		• Lowest costs airports for airlines, passengers and cargo
		• Serving mostly lower end (OD) traffic

Not feasible given growth limitations	**Feasible given already high standard in network and quality (although risk of slipping away realistic)**	**Not feasible given high cost (mostly driven externally)**

AMS strategic ambitions

Preferred airport in Europe

Top Connectivity

Best in class network, marketplace and product for passengers and forwarders

Excellent visit value

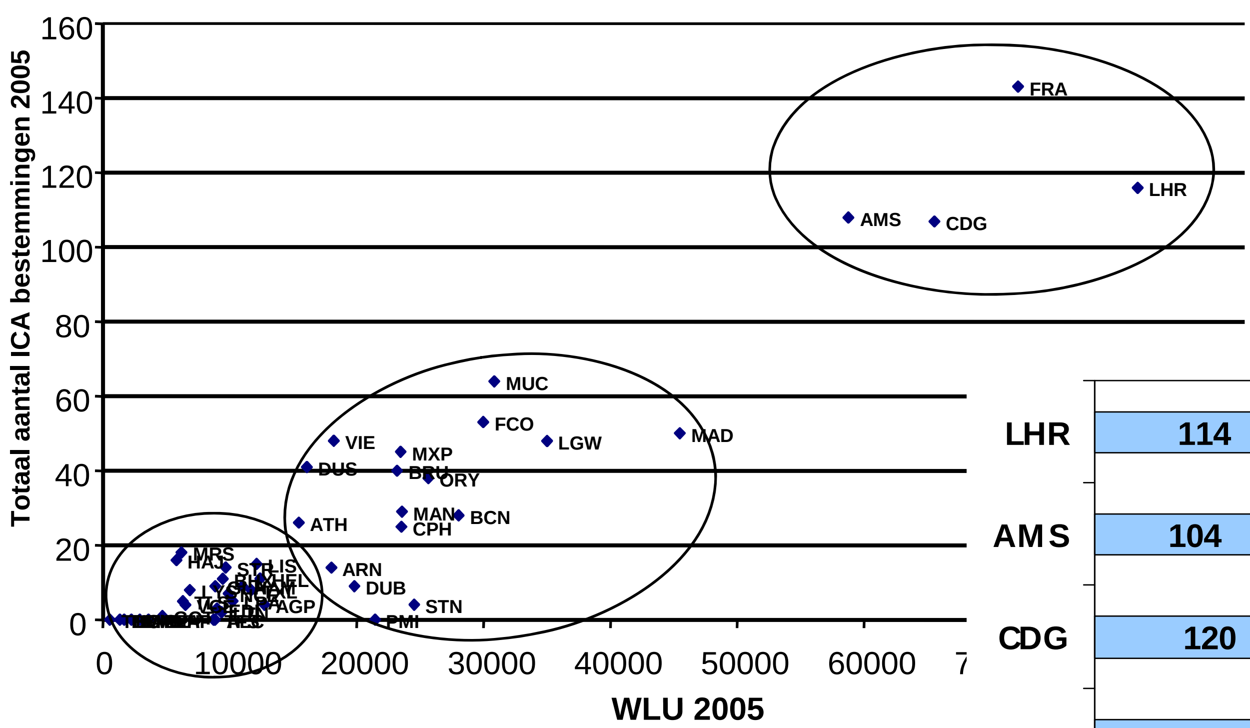
Generate value against competitive costs for airlines we want to accommodate

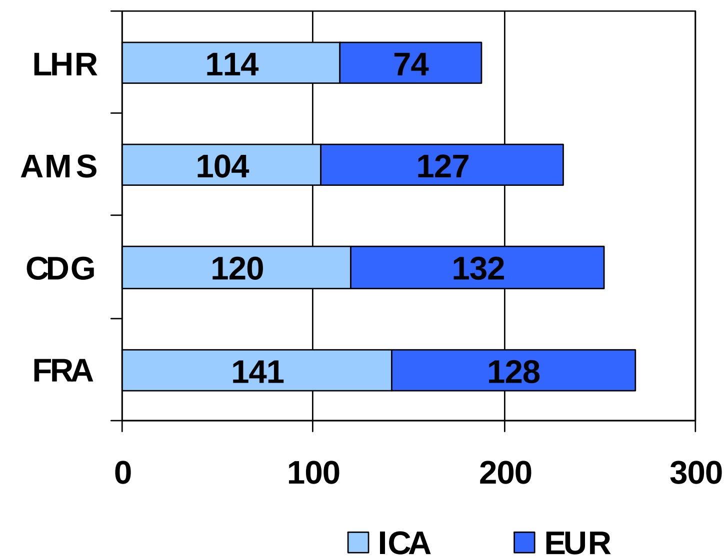
Sustainable returns

Sustainable value creation with a long term focus

‘Serving the Netherlands’
Connecting: multi-modal hub
Sustainability and quality

Large number of ICA destinations differentiates 'big four' from other airports





Source: RPB, 2006 & OAG 2008

Best in class network to primarily serve the Dutch transportation needs

Segmentation and priority based on destination

1. Hub destinations (AF/KL and Skyteam partners)
2. Intercontinental business destinations, served by other ICA carriers
3. European business destinations, served by other carriers
4. Full Freighter operators
5. Leisure destinations

Agenda

- Schiphol – The story so far
- Competitive position under pressure
- Reassessment of our strategy
- **Next steps**

How to regain AMS' competitiveness?

- **Reduce costs**
  - Overall
  - OD passenger

- **Quality improvement**
  - Waiting time at check-in queue
  - Waiting time at security inspection
  - Ground transportation & accessibility
  - Courtesy of staff
  - Parking (price/quality)

- **Focus on regaining market share within catchment area**
  - Marketing efforts
  - Accessibility

Conclusions

- AMS is still going strong
- But… high cost levels and declining quality perception are serious threats
- Focus more on ‘Serving the Netherlands’
- Priority now on cost reduction, quality improvements and regaining catchment area