KLM's view on changing Hub dynamics

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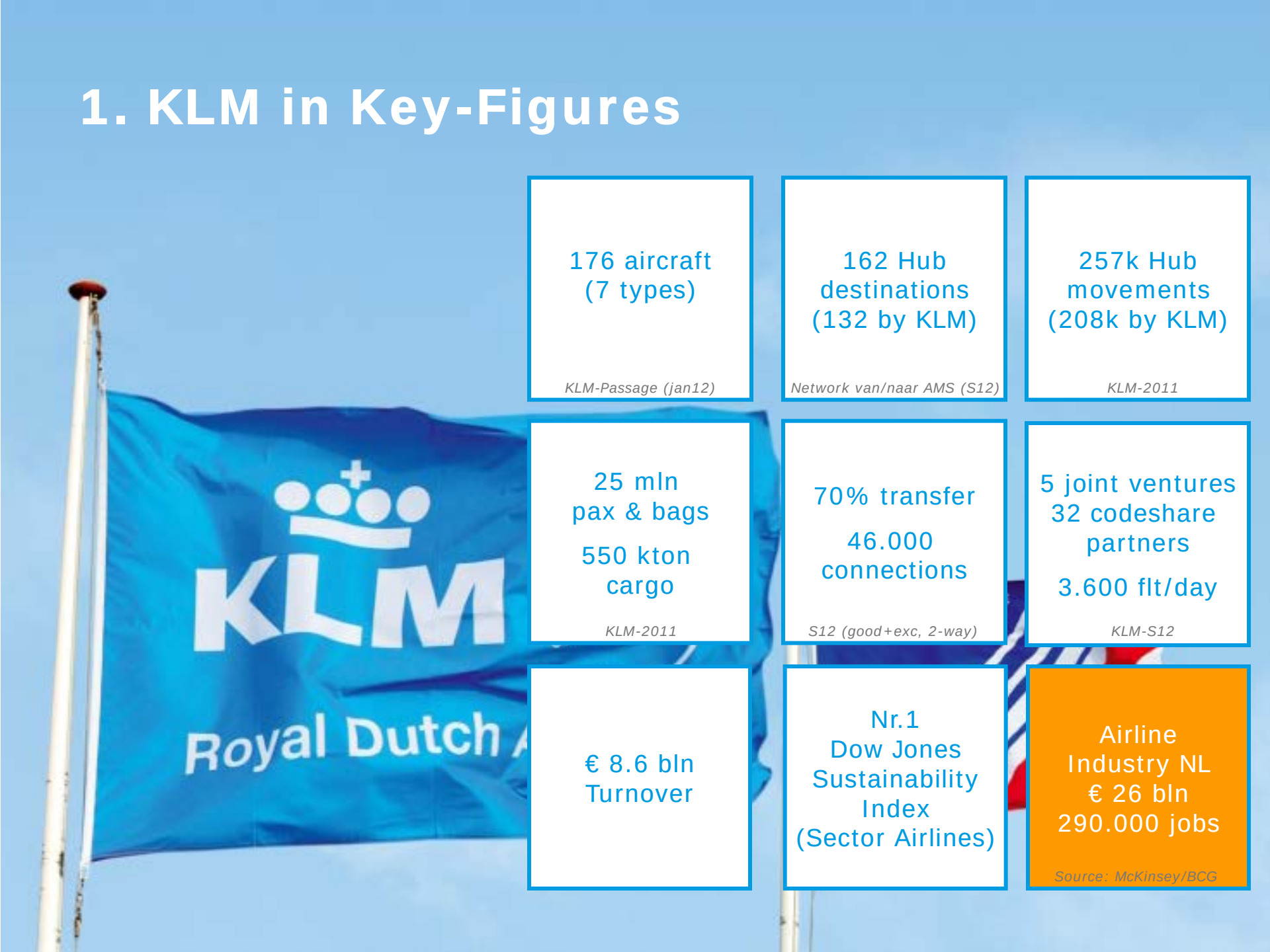
KLM's view on changing Hub dynamics

1. KLM in Key-Figures
2. Drivers in Hub dynamics
3. Current Hub-system under threat?
4. KLM's response

1. KLM in Key-Figures



176 aircraft
(7 types)

KLM-Passage (jan12)

162 Hub
destinations
(132 by KLM)

Network van/naar AMS (S12)

257k Hub
movements
(208k by KLM)

KLM-2011

25 mln
pax & bags

550 kton
cargo

KLM-2011

70% transfer

46.000
connections

S12 (good+exc, 2-way)

5 joint ventures
32 codeshare
partners

3.600 flt/day

KLM-S12

€ 8.6 bln
Turnover

Nr.1
Dow Jones
Sustainability
Index
(Sector Airlines)

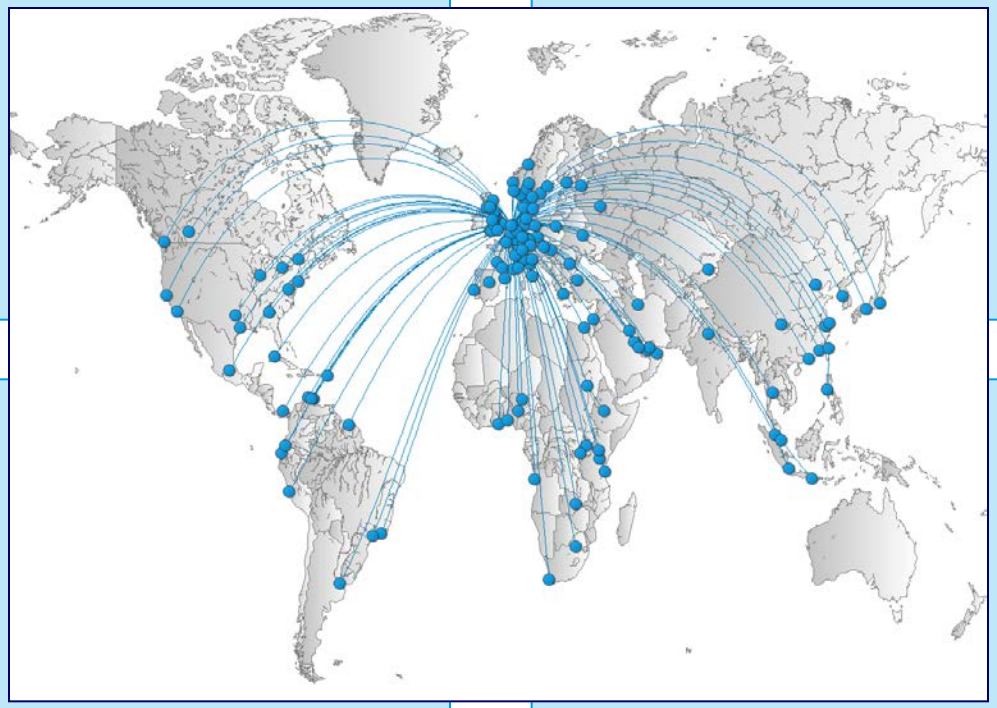
Airline
Industry NL
€ 26 bln
290.000 jobs

Source: McKinsey/BCG

2. Drivers in hub dynamics

Market

Rules & Regulations



Operational Performance

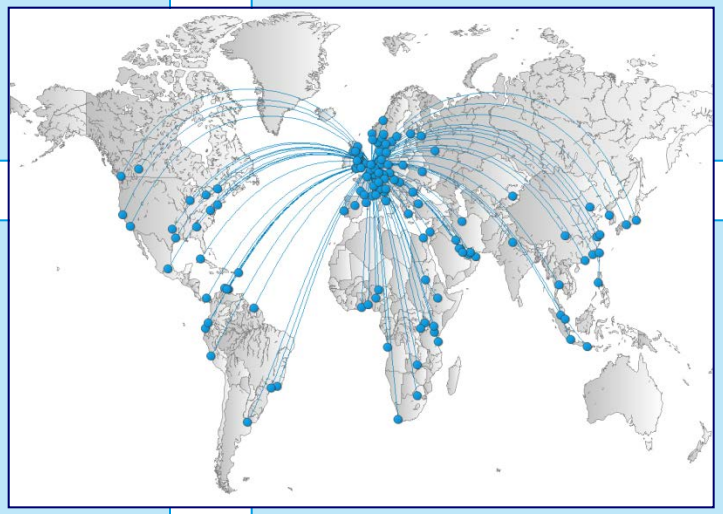
Aircraft Performance

Drivers in hub dynamics

Market

- Transfer
- Focus on longhaul
- Multiple time channels
- Partners

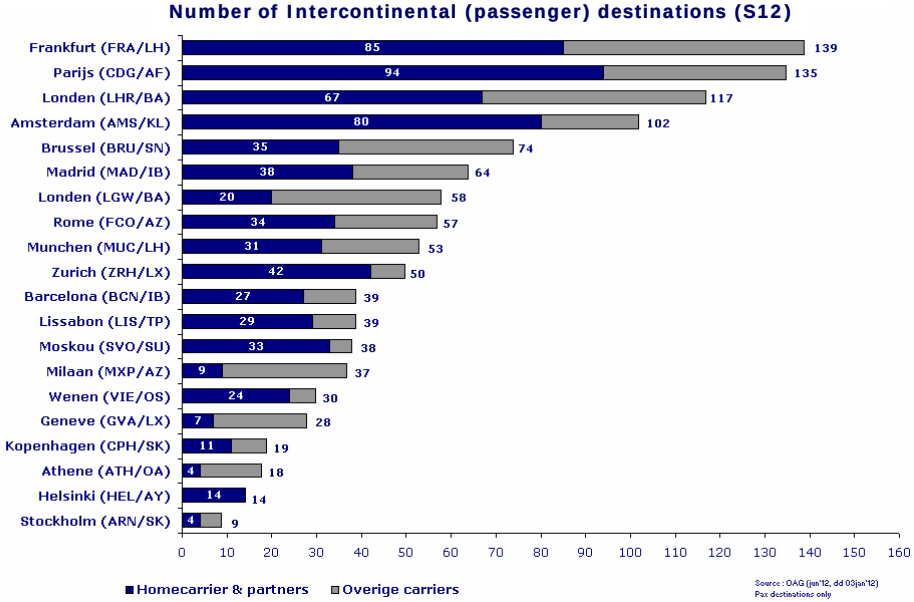
Rules & Regulations

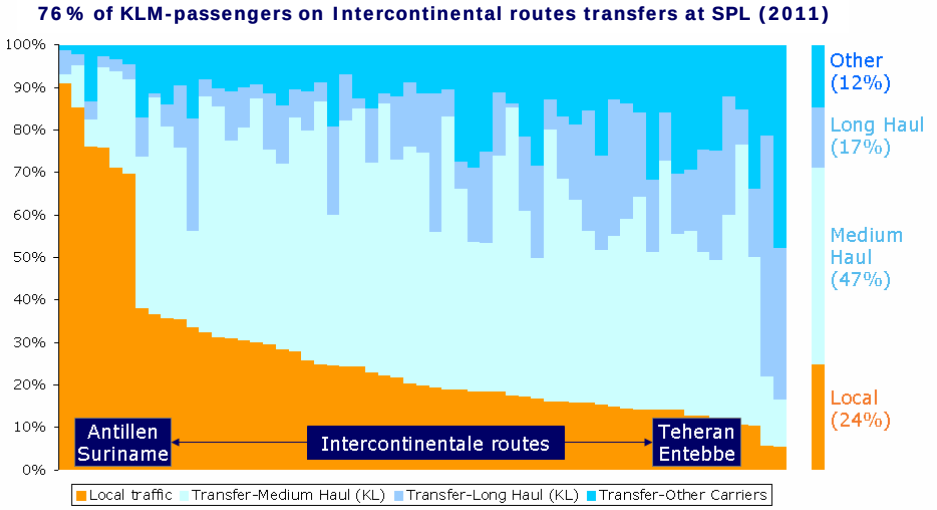


Operational Performance

Aircraft Performance

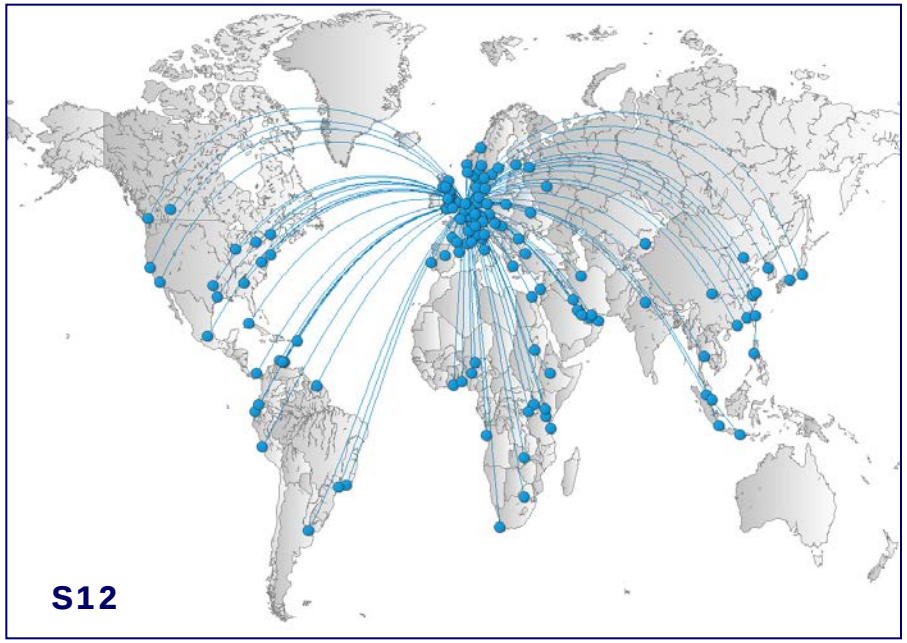
Market characteristics and KLM's ambition: Small home market requires transfer passengers

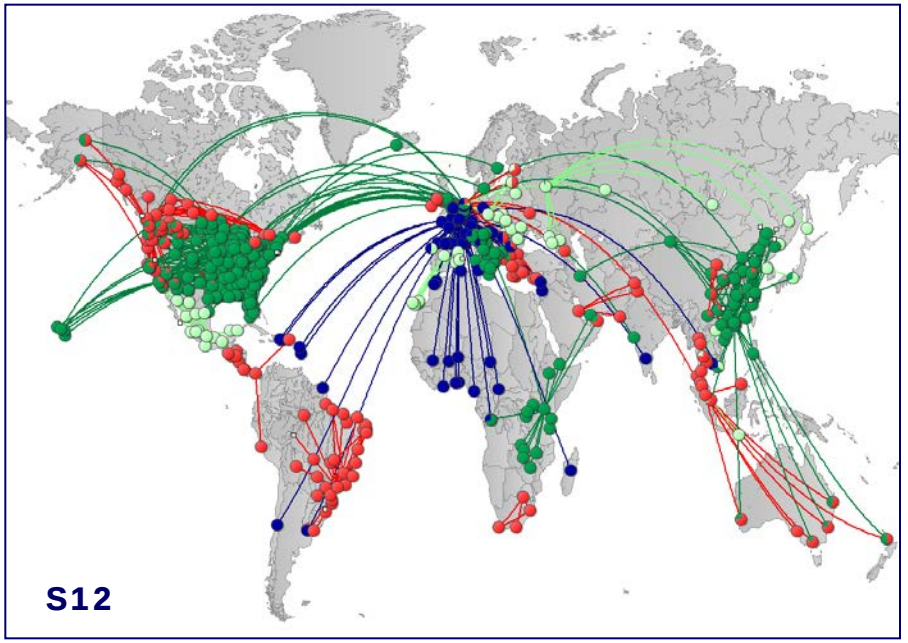




- 4th position Mainport Amsterdam thanks to KLM & partners and their relatively large portion of transfer
- Rome 8th position with 2.8 million inhabitants, whereas Amsterdam on 4th position with 800k inhabitants

KLM offers extensive worldwide portfolio…





KLM

Air France | JV-partner | SkyTeam-partner (non-JV) | Other

KLM-operated	# Destinations	Partner-operated
69	Long Haul	403
63	Medium Haul	100
132	Total	503

Source : OAG jun'12
dd. 10apr'12

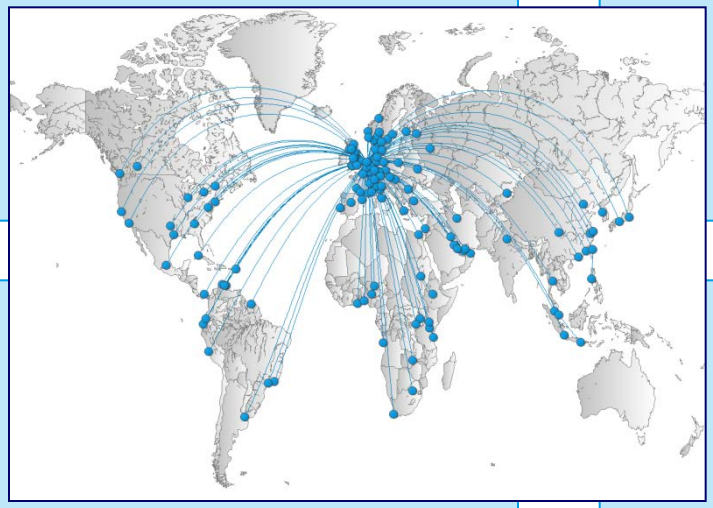
… together with its partners

Drivers in hub dynamics

Market

Rules & Regulations

- Open Skies
- Regulation (social & climate)
- De-regulation
- Slots



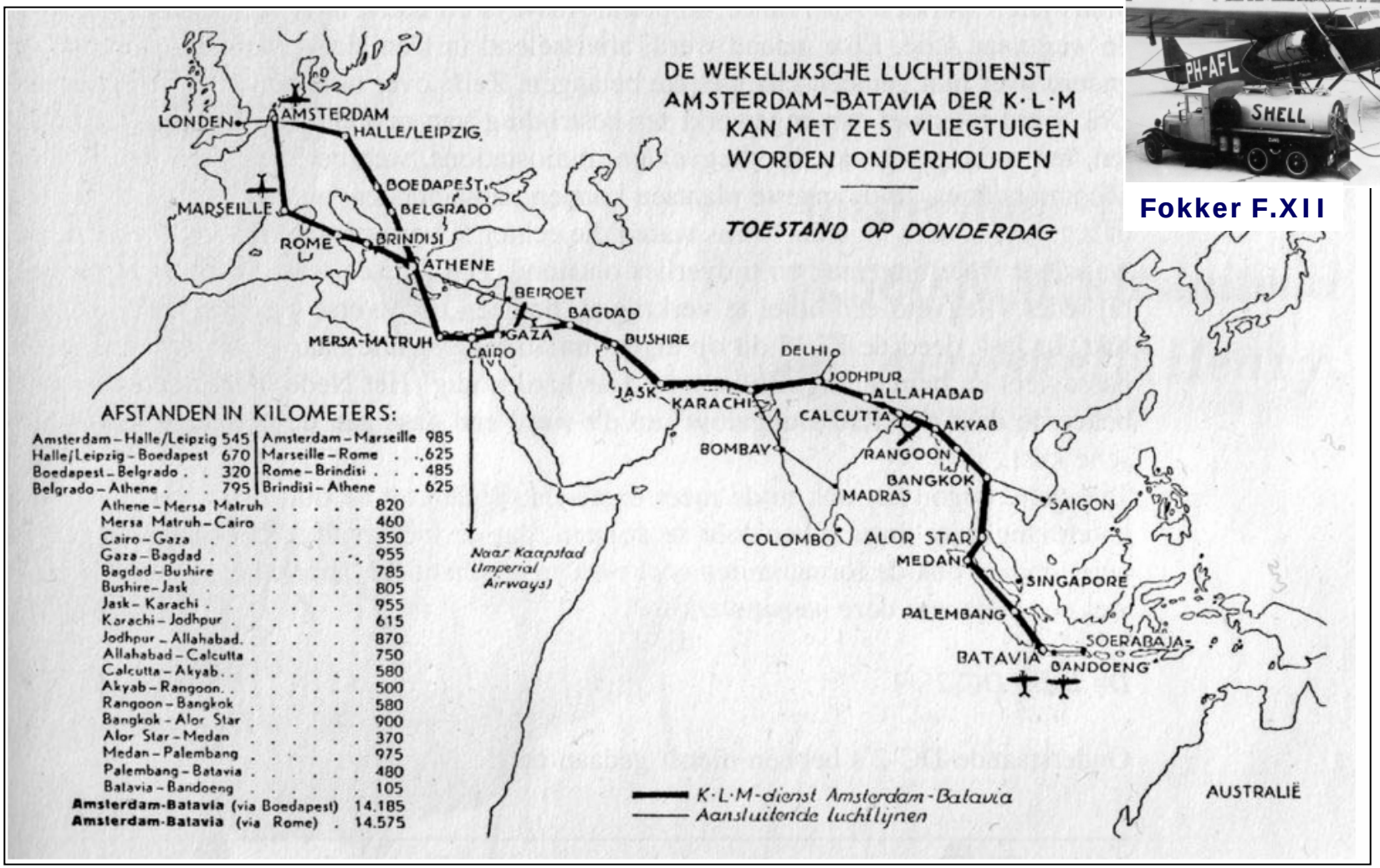
- Prop -> Jet
- Longer distances
- Larger aircraft
- More environmental friendly

Operational Performance

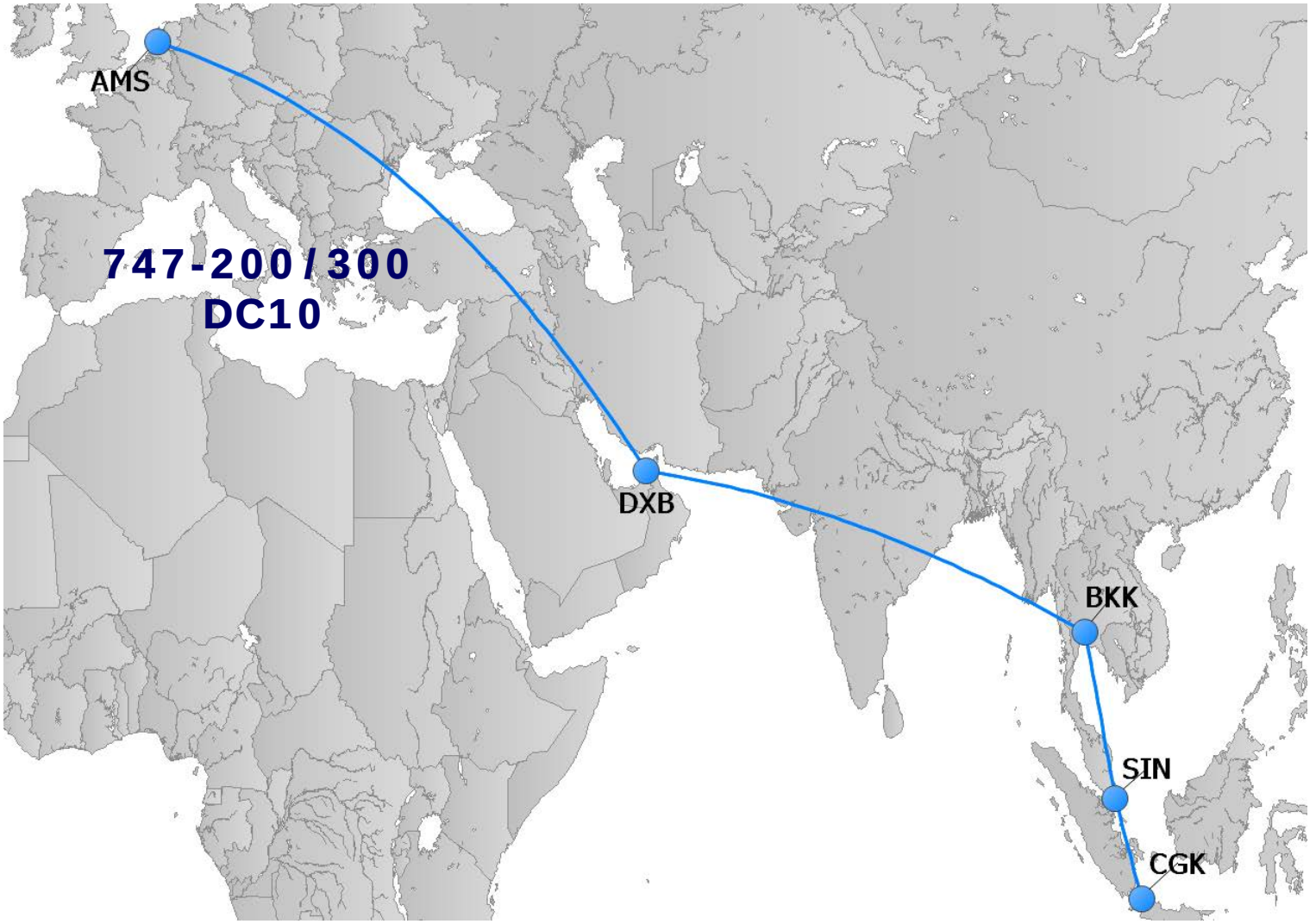
Aircraft Performance

Changing Hub-dynamics
1931

Fokker F.XII



Changing Hub-dynamics
Seventies

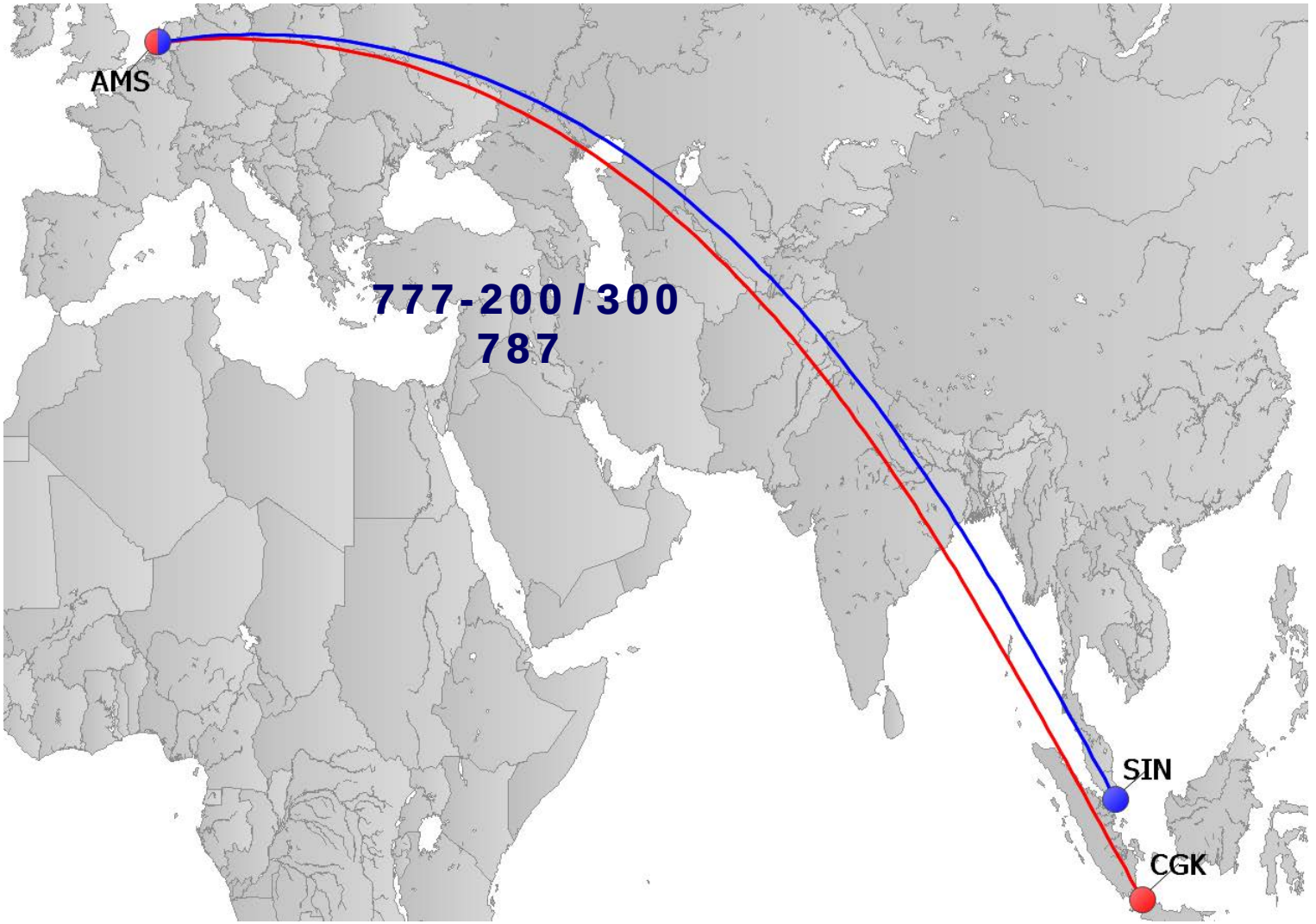


Changing Hub-dynamics

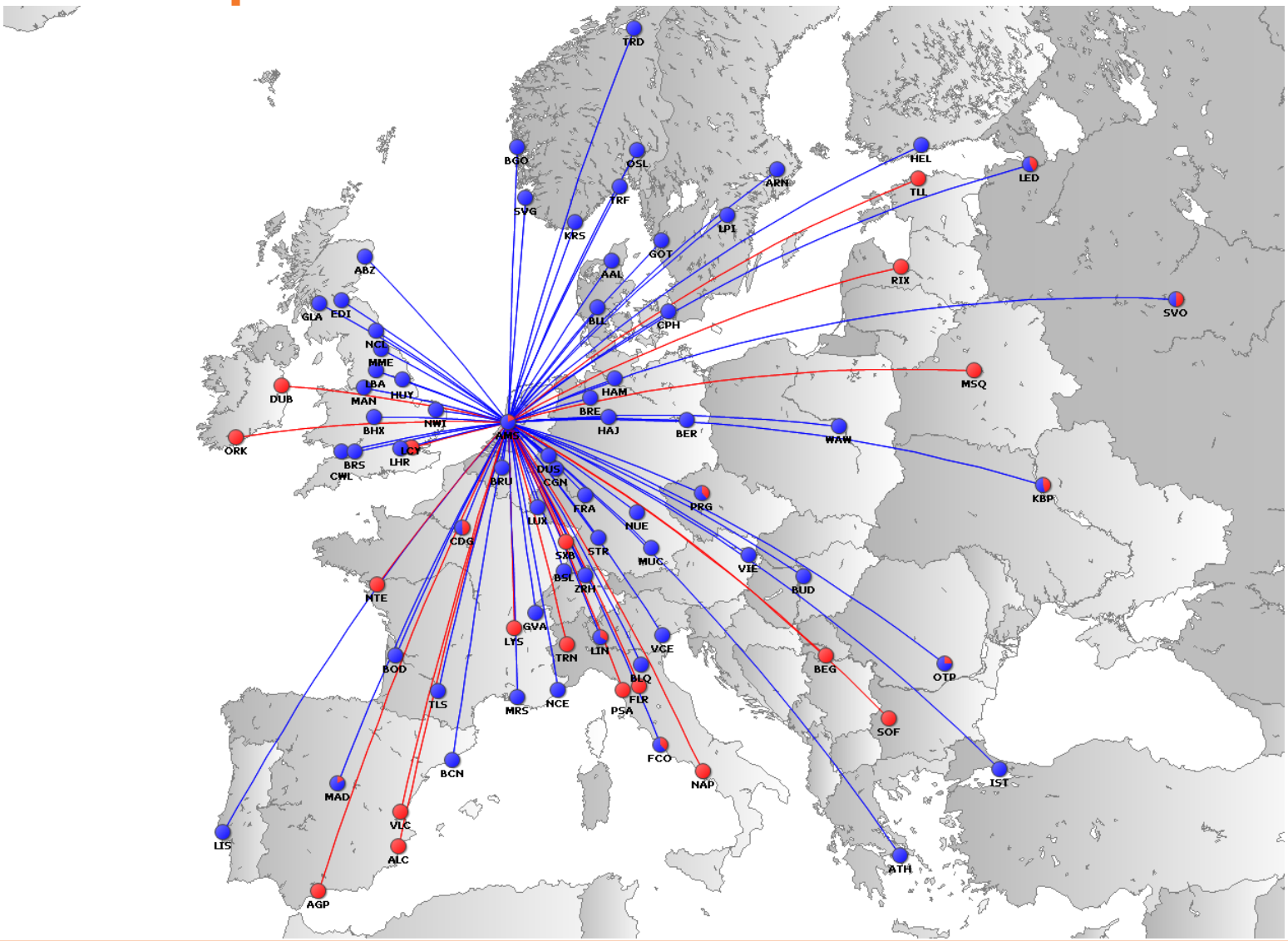
Nowadays

Changing Hub-dynamics

Near Future



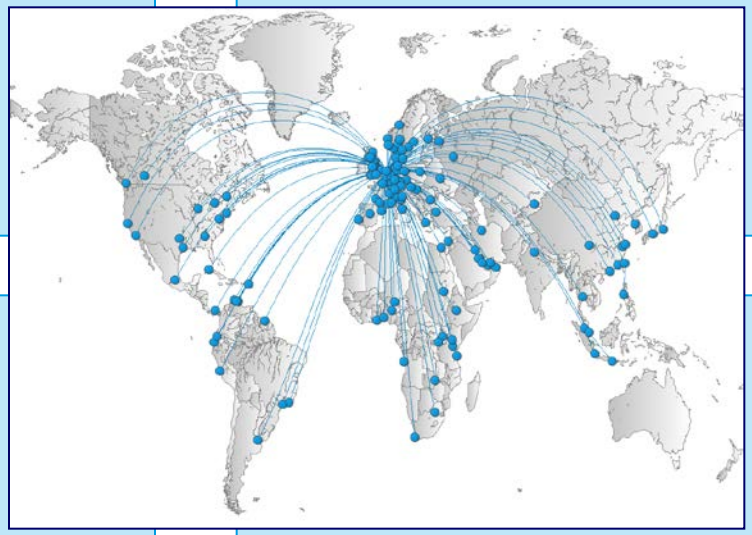
A strong feedernetwork together with codeshare partners is needed



Drivers in hub dynamics

Market

Rules & Regulations

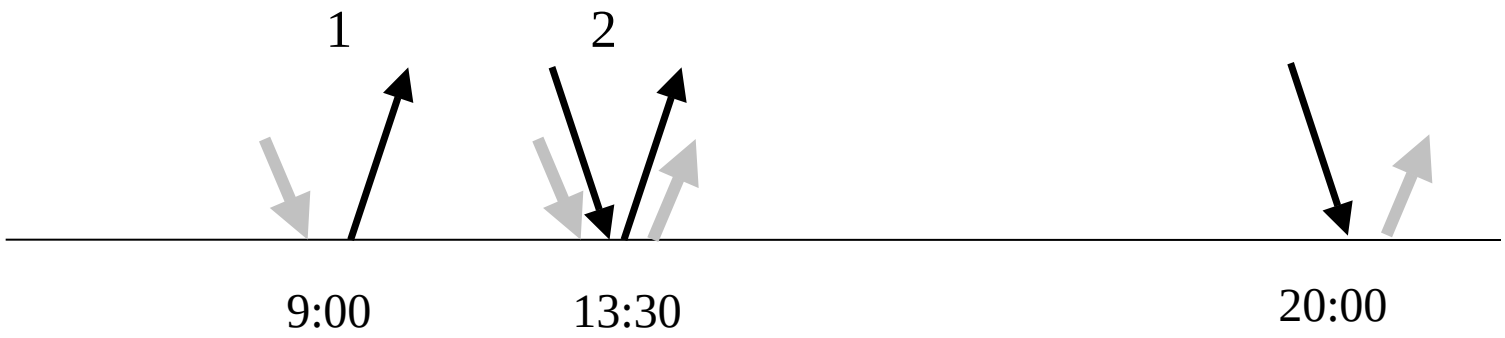


- Aircraft Utilization
- Operational day
- Balance EUR / ICA seats
- Use of assets / manpower

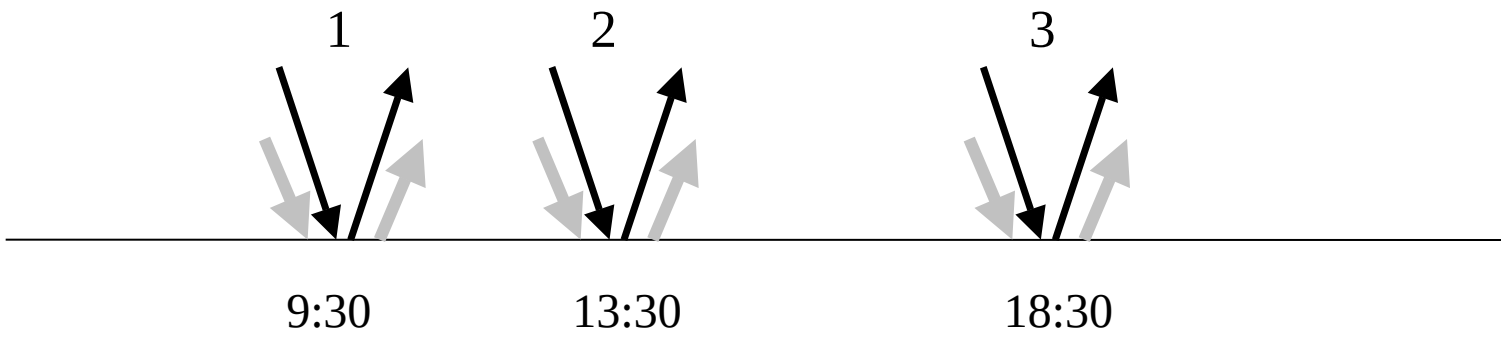
Operational Performance

Aircraft Performance

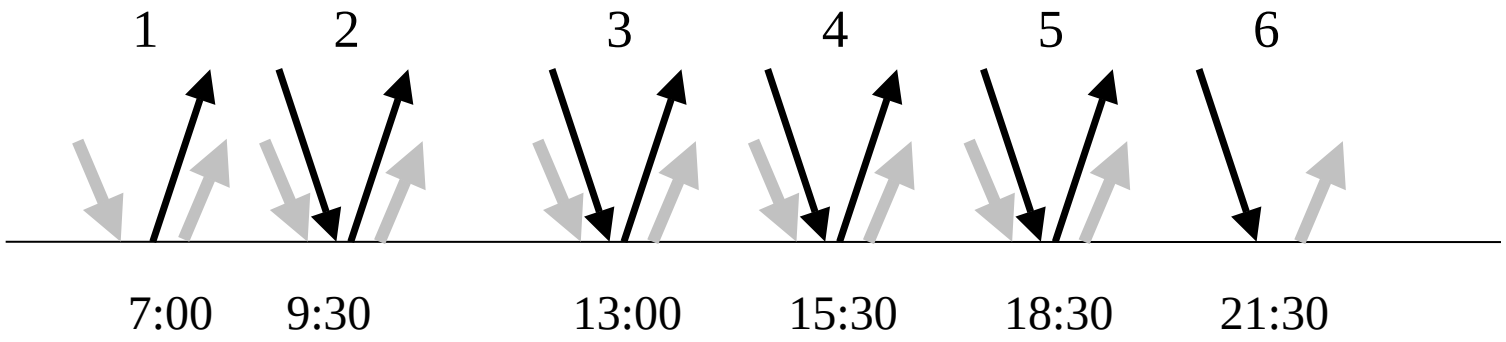
2 Wave System (prior to early nineties)



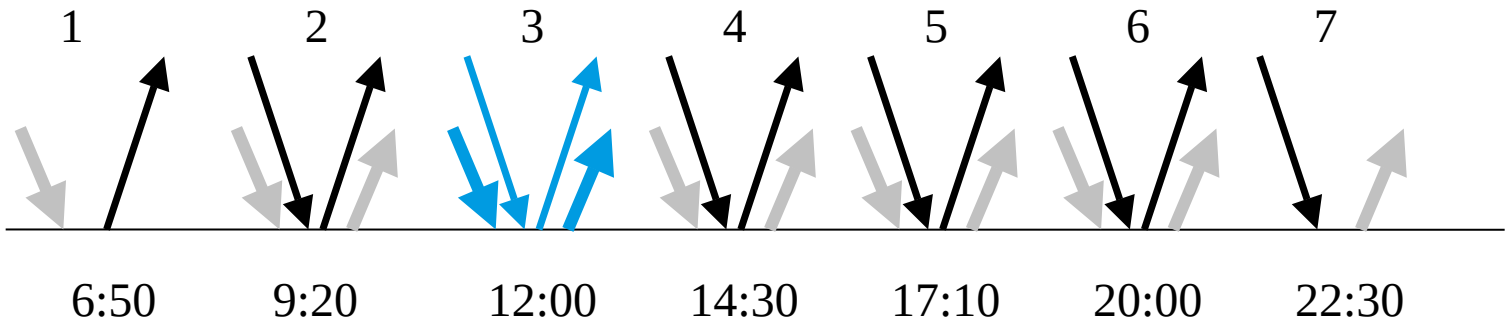
3 Wave System (1992)



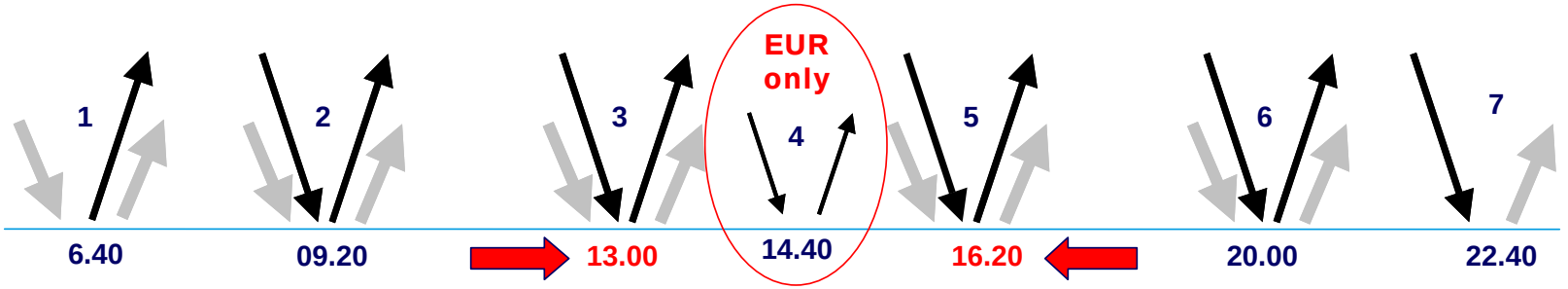
6 Wave System (1997)



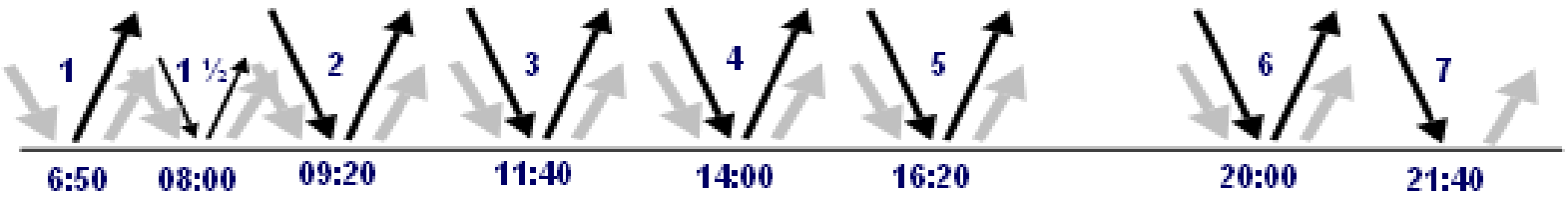
“Original” 7 Wave System (2006)



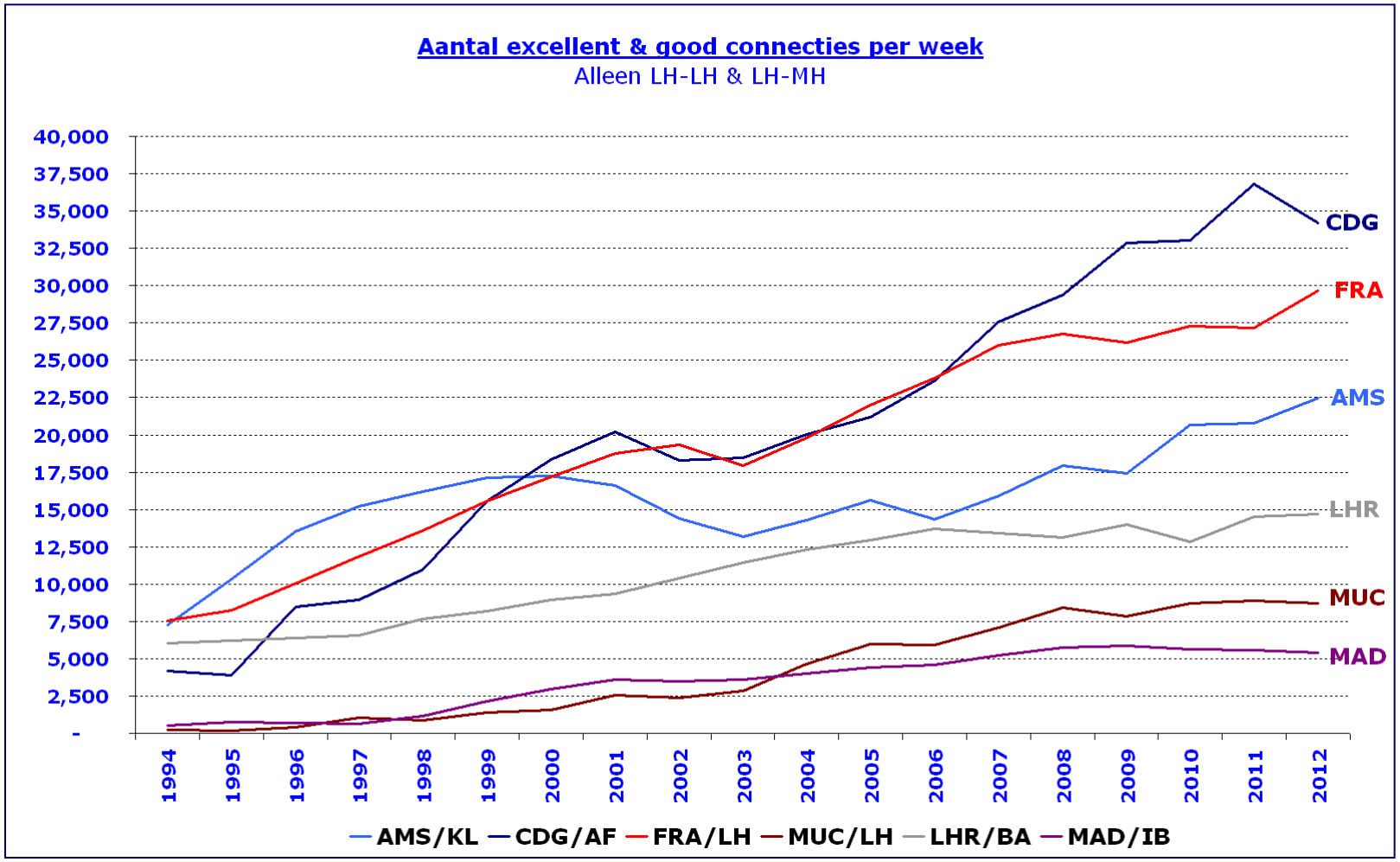
“Crisis” 7 Wave System (2009)



7 Wave System “New Balance” (2011)

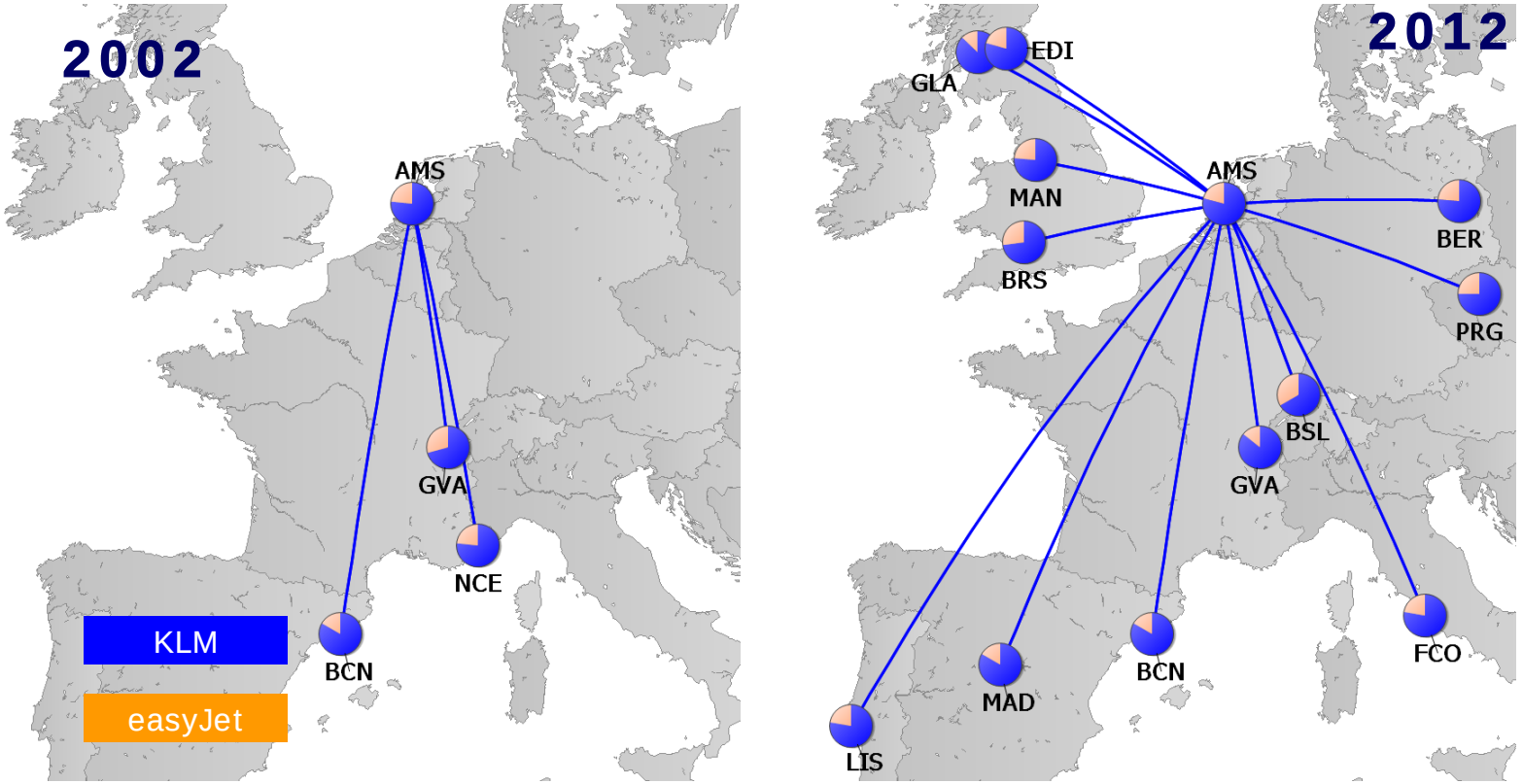


KLM 3rd in number of weekly connections
(excl. intra-European connections)



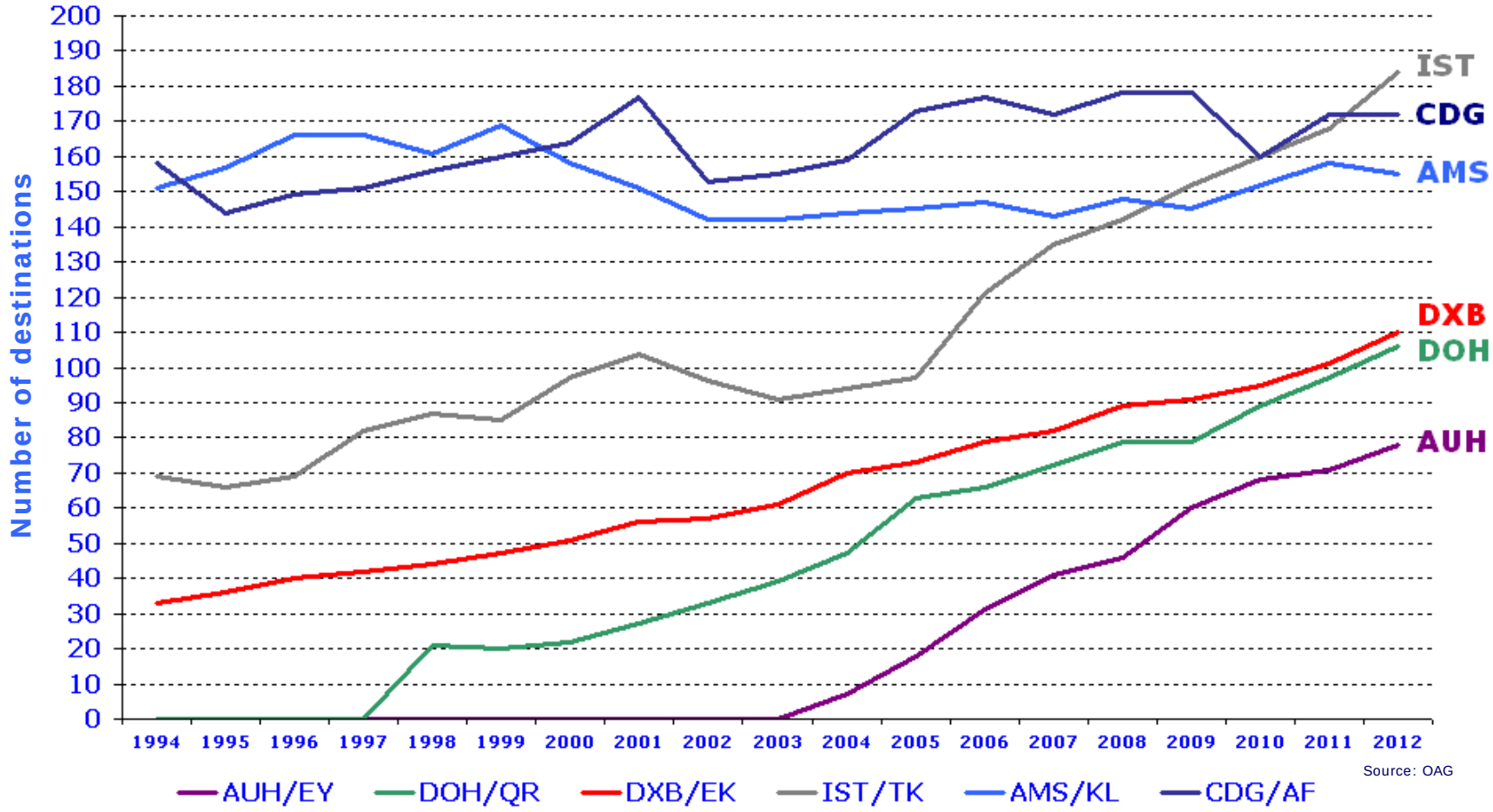
3. Current hub-system under threat?

Routes operated by both KL & EZY
Feedernetwork under threat



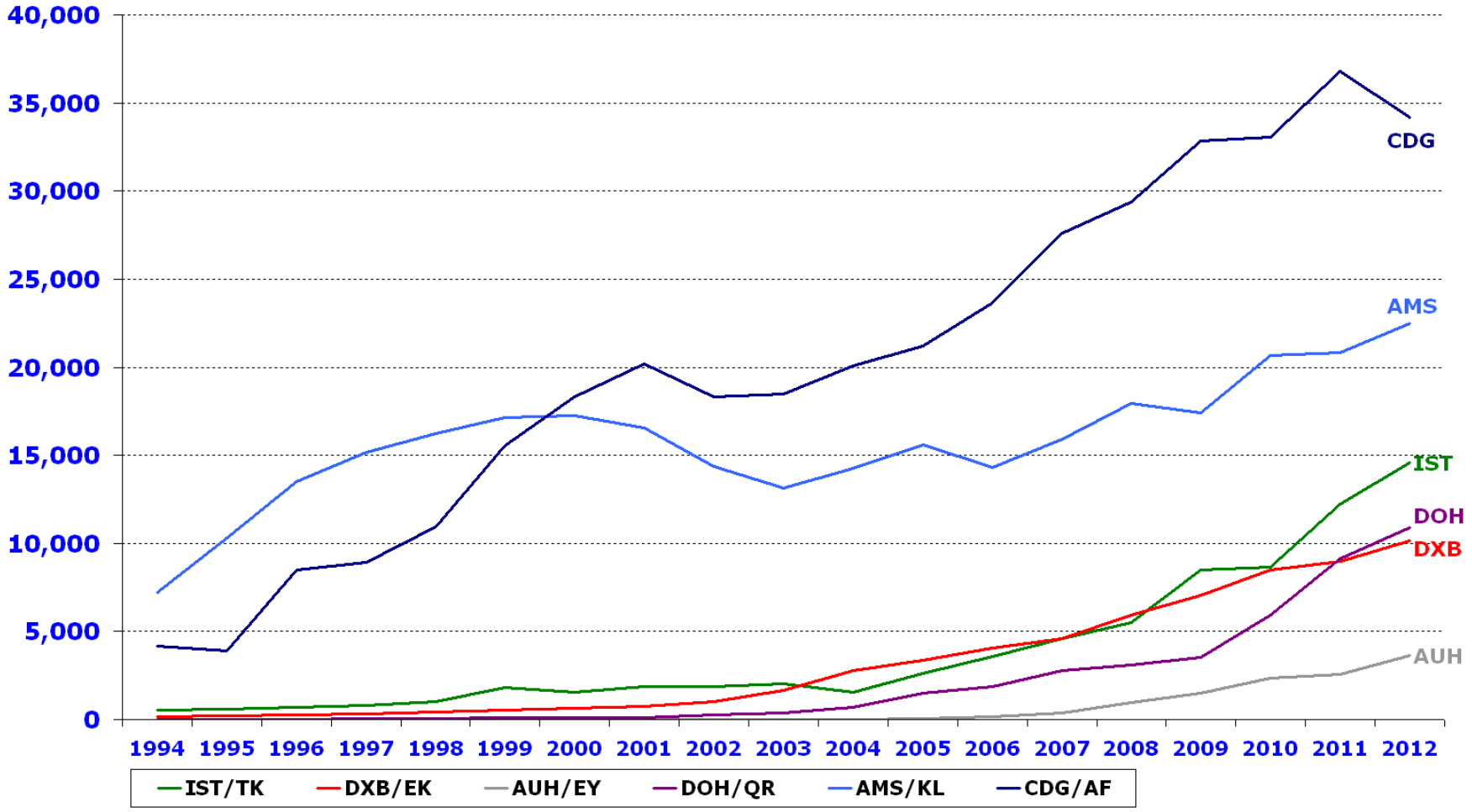
Hubs in Gulf-region and Istanbul show substantial growth

Number of destinations (Hub-operations)



Source: OAG

Gulf-carriers and Istanbul show rapid growth in number of connections



4. KLM's response

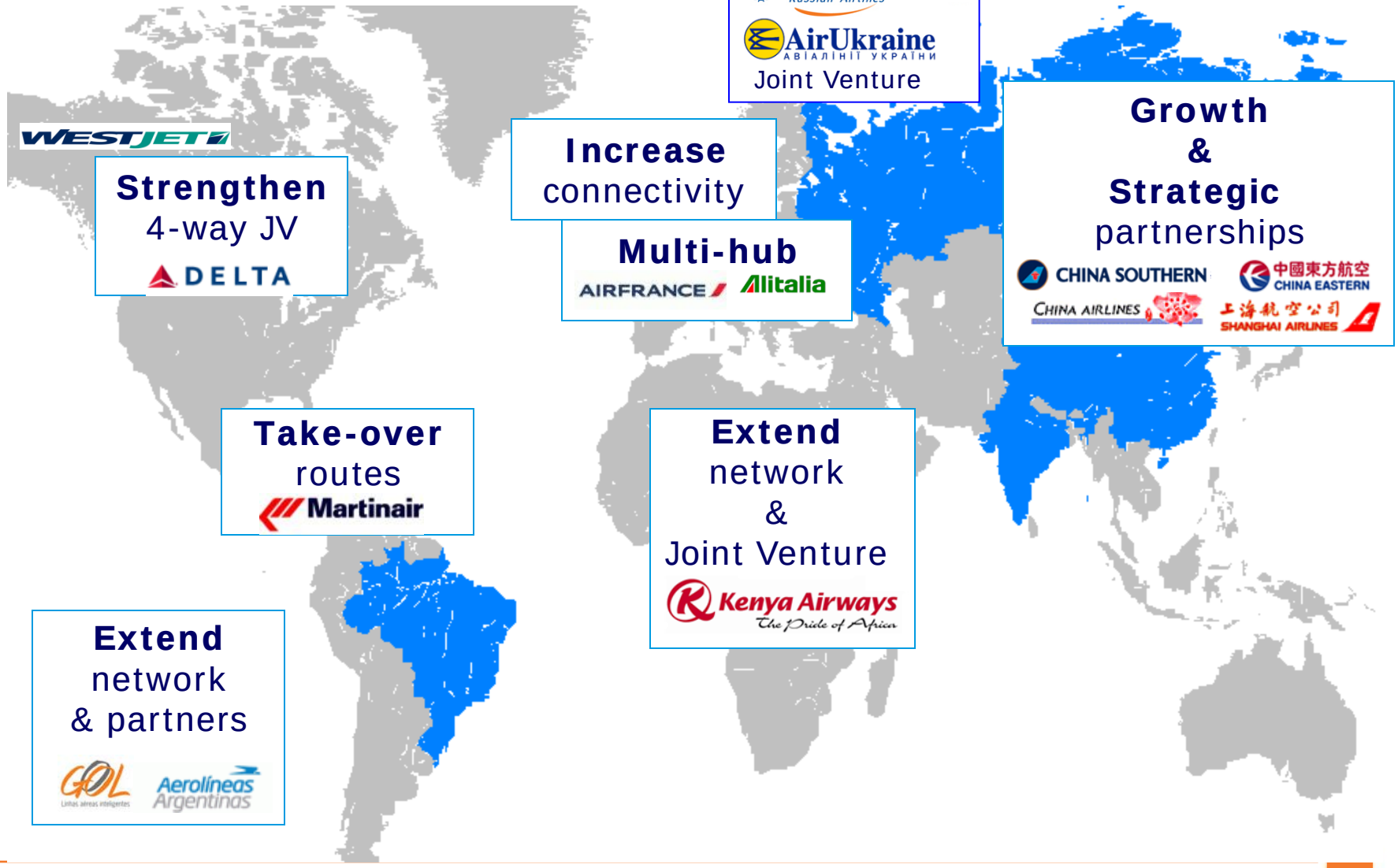
I. Wave system is precondition to maintain Mainport status (#4 in Europe)

II. Some kind of "Seasonality" system

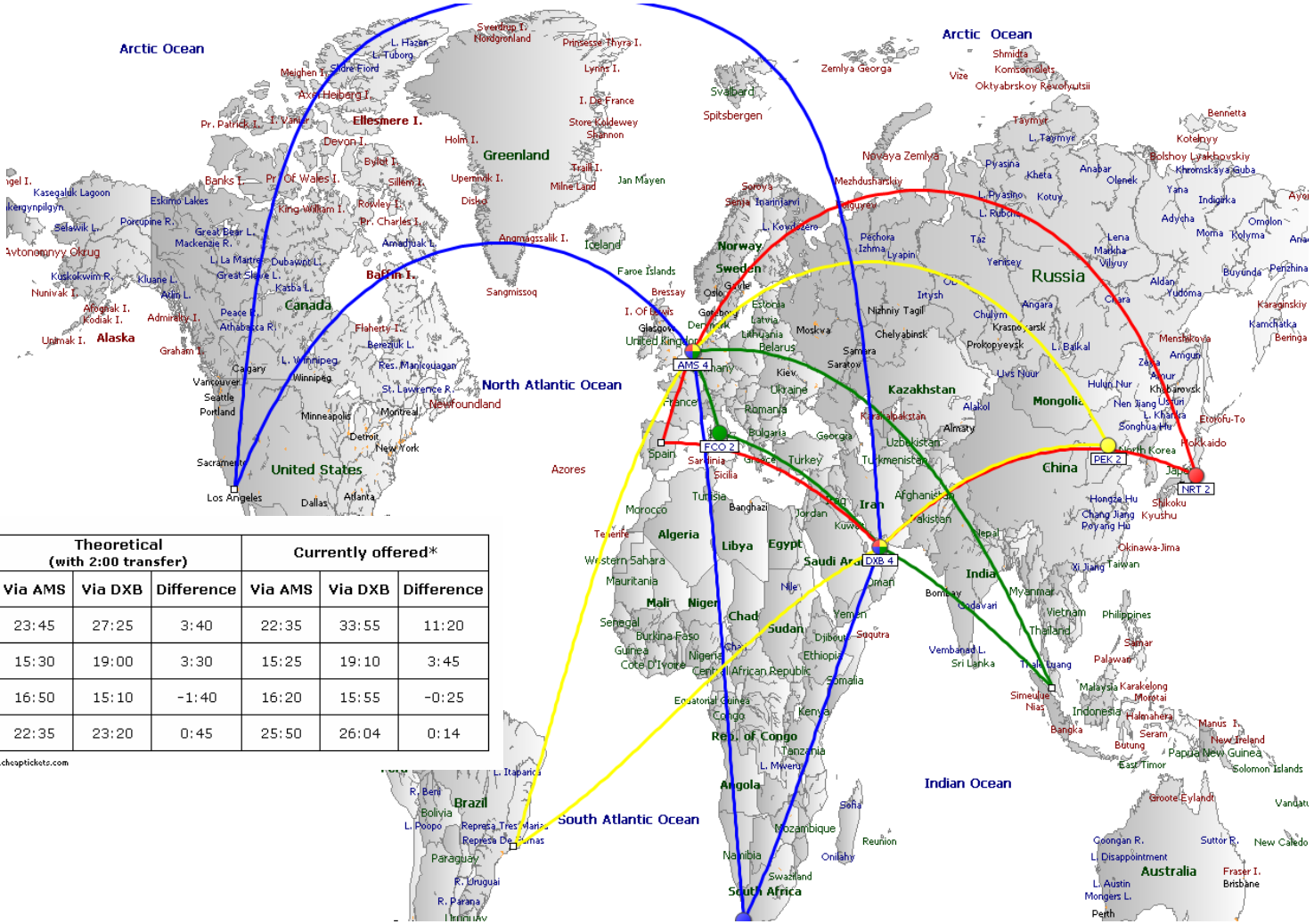
III. Increasing strategic partnerships worldwide to strengthen position

IV. Connecting emerging countries: Wave System to be geared to take profit from geographical position AMS

III. Partners crucial in development strategy

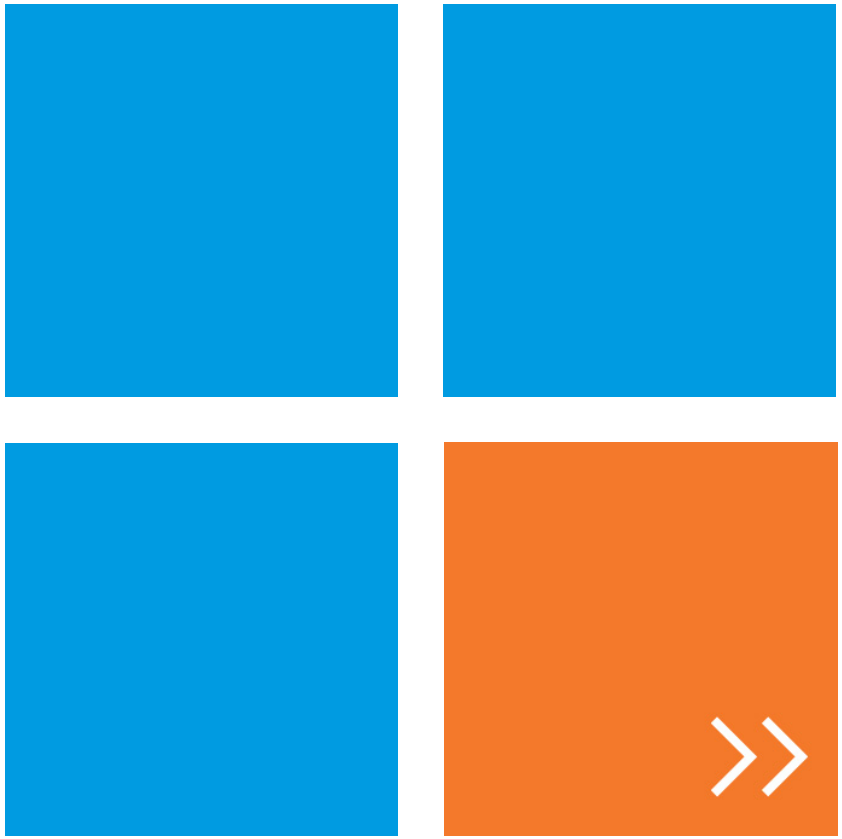


IV. Examples of travelling time



Route	Theoretical (with 2:00 transfer)			Currently offered*		
	Via AMS	Via DXB	Difference	Via AMS	Via DXB	Difference
LAX - CPT	23:45	27:25	3:40	22:35	33:55	11:20
MAD - NRT	15:30	19:00	3:30	15:25	19:10	3:45
KUL - FCO	16:50	15:10	-1:40	16:20	15:55	-0:25
GIG - PEK	22:35	23:20	0:45	25:50	26:04	0:14

* Source: www.klm.com, www.cheapticketz.com



KLM SKYTEAM