



# ***'ROUTE DOCTOR'***

***The Unique Route Quick Scan Service***

***September***

***2008***

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***TIAS*** Consultancy

# *Route Doctor*

- The quick scan for new or existing routes
- An independent and professional check up
- Analysis of key data and route economics
- Recommendations for recovery and improvement
- Assistance in implementation

# RDG Solutions

- Established 2006 to fill need for excellence in economic and tourism research and support
- Team of experienced professionals
- Proprietary technology for operational analysis
- In-depth understanding of the aviation industry
- Powerful global network comprising professionals in every continent
- RDG Solutions' engagement partner, Ian Lowden, has substantial experience of analysing and modelling global aviation data

***We have an excellent understanding of the international aviation industry and its key data sources***

# *TIAS Consultancy*

- Established in 1996, based in the Netherlands
- Specialist in the Regional Aviation Market
- Associated with RDG Solutions (UK) and Commsultants (BE)
- Over 25 years of Aviation Experience
- Creative, Flexible and Competitive Services

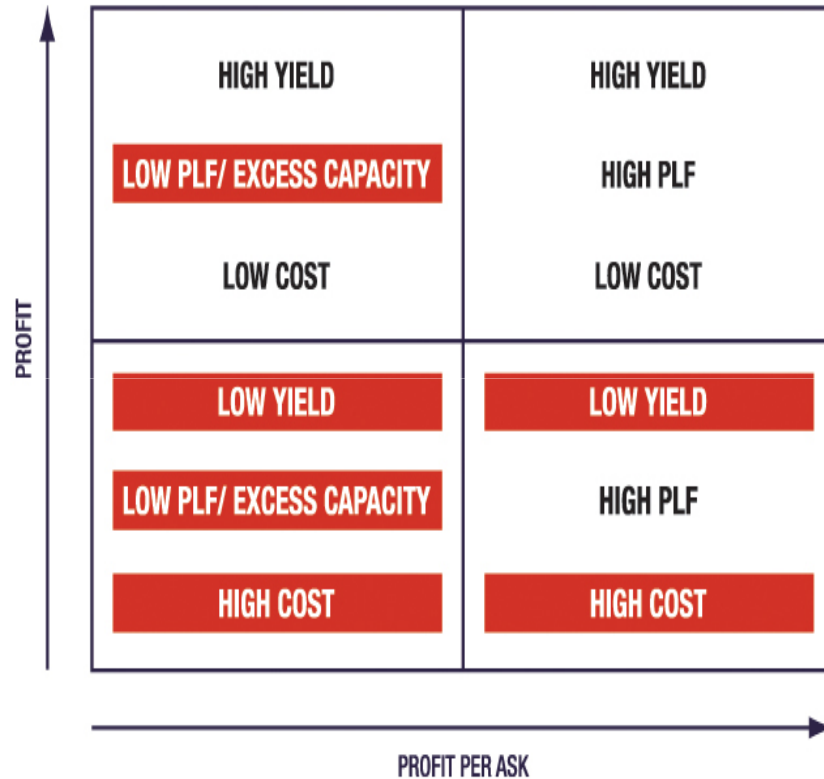
# Route Profitability – The Key Steps

Many airlines operate a large number of unprofitable routes. Key causes are:

- Poor load factor
- Inadequate yields
- Excessive costs
- Each of these are symptomatic of a range of factors such as competition, fleet and schedule.

We offer a rigorous and systematic screening of the causes.

# Airlines Should Target 'Top Quadrant'



- Top right: optimal situation no problems. This route is profitable and has growth potential..
- Top left: The load factor is too low, either by the wrong aircraft capacity, or by other means such as disappointing sales results, market potential or marketing effort.
- Down right: Low yield plus high costs causing major trouble, as it creates a loss making situation. With the high load factor, this should be reparable by yield management and cost reductions.
- Down left: This route shows an irreparable situation, as all major factors show underperforming results.

# Airlines Should Measure 'Fully Allocated' Revenue, Costs and Contribution

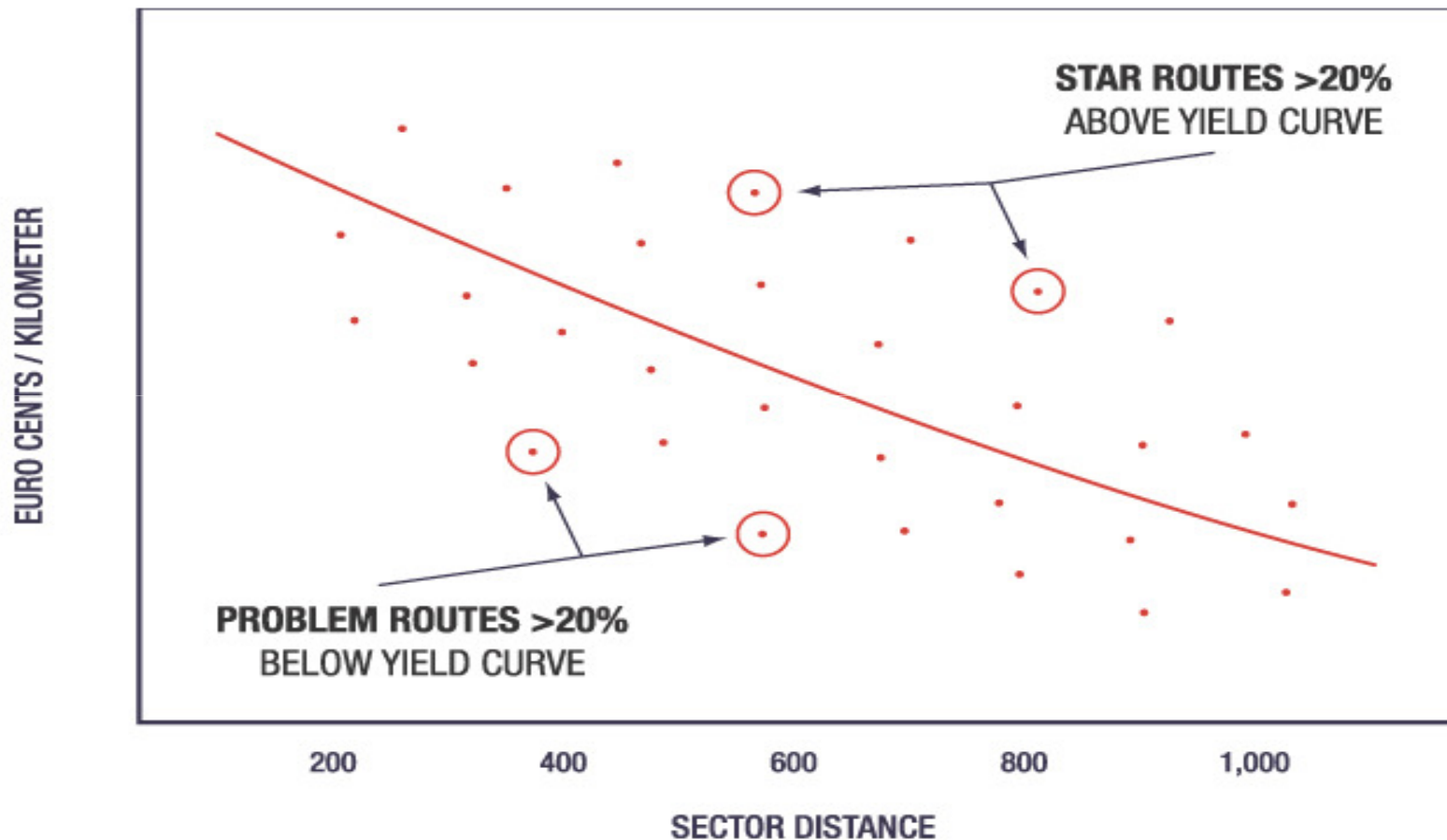
## REVENUES, COSTS & CONTRIBUTION EUROS M

	REVENUE	DIRECT OPERATING COST	CONTRIBUTION (1)	OVERHEAD	CONTRIBUTION (2)	SYSTEM FEED REVENUE	FULLY ALLOCATED CONTRIBUTION (3)
1	10	4	6	2	4	1	5
2	8	4	4	2	2	1	3
3	6	4	2	2	0	1	1
4	4	4	0	2	(2)	1	(1)
5	2	4	(2)	2	(4)	1	(3)

## **Pro-Forma Fully Allocated Route Profitability Analysis**

- 1. A route has reached high revenue figures, this due to the high yield and high load factor. The direct operating costs are low and the company's overhead very much under control.**
- 2. A route with mixed business and leisure passengers, will usually show a lower average yield. However, with the direct operating cost under control and a small overhead, the contribution will be positive and the route is profitable.**
- 3. A typical 'break even' situation, whereby the revenue covers the direct operating costs and the overhead however, does hardly contribute to the profit of the company.**
- 4. Here, the route results in a loss making situation, as the revenue only equals the direct operating cost. If the revenue cannot be improved, either by yield management or improved load factor, the route must be terminated.**
- 5. Here the situation seems irreparable, as revenue is far behind the total costs, whereby the cost structure and levels seems to be realistic and not to high.**

# Yield Curves Highlight 'Problems' and 'Stars'



## Unique Strengths of the RDG Solutions / TIAS Consultancy Team

- Proprietary knowledge for route and market analysis using in-house software
- Field-tested techniques unique to the aviation industry coupled with proprietary databases developed and continually refined and updated
- Experienced team drawn from airports and airlines
- Stable and well-developed analytical support team
- Flexibility to meet clients' specific requirements

***RDG Solutions and TIAS Consultancy Together Have the Unique Background, Resources and Expertise to Satisfy Your Objectives***

## RDG Solutions and TIAS Consultancy – Key Members



### Name

Ian Lowden

### Position

*Managing Director, RDG Solutions*

### Qualification

BA, Economics and Social Studies, University of East Anglia  
MBA, University of Brighton

### Experience

Ian Lowden has twenty years' experience in the air transport industry, ten as a consultant. He has provided advice in the areas of economic research, business planning, market analysis, marketing and distribution to many airlines, airports, financial bodies and industry suppliers. Educated to MBA level, Mr. Lowden has led teams and worked on a large number of major restructuring and privatization projects worldwide. Mr. Lowden is a regular advisor to some of the most progressive and dynamic organizations in aviation. Mr. Lowden has worked for many carriers in the Middle East including MEA, Kuwait Airways and Gulf Air. He has also written numerous airline business plans and advised on start-ups. Mr. Lowden has been a member of the ACI Economics Committee, the ACI Marketing Committee, and is currently active with the ERAA. He makes frequent conference presentations and is a regular lecturer on air transport industry short courses at the University of Westminster.



### Name

**Bernard Jacobs,**

### Position

***Associate Director, RDG Solutions***  
***Managing Director, TIAS Consultancy***

### Qualification

**BA Social studies and Psychology, The Hague**  
**MBA, University of Nijmegen**

### Experience

Bernard Jacobs worked over the last 25 years in the aviation industry and has built up a wide experience and positive reputation as Senior Manager with several (Regional) airlines and airports. Since May 2006 working as an independent Aviation Consultant, associated with RDG Solutions. He provides advises in the wide area of commercial airline and airport business development and has participated in teams building new start-up airline activities and airline restructuring regarding network, scheduling, aircraft and crew utilisation.

**Mr. Jacobs is member of the British Association of Aviation Consultants (BAAC) and the European Aviation Club. (EAC).**