



Joe Kelly
Birmingham Airport

May 2014



Agenda



- **Birmingham Airport - Insurance**
 - **Advisors**
 - **Key Policies**
 - **Quiz Part 1 – Insurance Claim or not?**
- **Birmingham Airport**
 - **The past and present**
 - **A dynamic industry – Quiz Part 2**
 - **Projects supporting the Runway Extension**
- **Questions**

Welcome – presenting insurance to insurers



- **Brokers - Marsh, Willis & JLT and Others**
- **Insurers & Underwriters**
 - **Aviation (ACE, Global, Catlin, Allianz) prior Global lead**
 - **BI & PD (ACE, Aviva, Liberty, Zurich, HDI Girling, Chubb)**
 - **AVN52 (AIG)**
 - **D&O (AIG just ahead of Aviva and ACE)**
 - **Trustees (ACE ahead of AIG)**
 - **Employers Liability (Zurich just ahead of AIG and HDI Girling)**
 - **Property Owners (Allianz)**
 - **Professional Indemnity (CFC just ahead of Hiscox)**
 - **Fleet (Liberty)**
 - **Motor Trade (Allianz)**
 - **Computers (RSA)**
 - **Travel (Aviva just ahead of AIG and ACE)**
 - **Engineering Inspections (Allianz)**

Examples of Key policy covers and approach



- **Property Damage / Business Interruption**
 - Buildings £347m, Contents £224m, Infrastructure £180m (+PF, DR)
 - BI 24 month Indemnity Period with acceleration working
 - Separate Terrorism Cover
- **Aviation**
 - Airport Liabilities £500m
 - War Risks AVN52 £500m
- **Proactive Claims Management**
 - Annual/bi annual meetings brokers/insurers
 - Individual claim follow up (inc use of Plexus Law)
 - Quarterly internal follow ups and training

Quiz part 1 – Insurance Claim or not?







TNT

00-TND

TNT

Global Express,
Logistics & Mail





00-TND

EXIT
INOPERATIVE







TV DEACTIVATED

WARNING
KEEP CLEAR OF
CARGO AREAS
WHILE ENGINE
IS RUNNING



CAUTION
RELEASE UPPER FWD L
ON R.H. AND L.H. COV
BEFORE OPENING



Global Express
Logistics &

XPR

Worker in yellow safety vest and blue cap



Incident Chronology

A photograph of a FedEx Express aircraft on a tarmac. The aircraft is red and white, with 'FedEx Express Logistics & Mail' visible on the side. Ground crew members in high-visibility vests are working around the aircraft, and a yellow ground support vehicle is positioned in front of it. The sky is blue with scattered clouds.

Aircraft Accident	06-03hrs
AAIB on site	08-00hrs
Reduced Distance Departures	09-00hrs
AAIB authorise aircraft removal	11-30hrs
Aircraft lifted	13-45hrs
Aircraft secured on trailer	14-30hrs
Runway available for full ops	16-00hrs

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The Beginning



1928: Plans for an airport first considered.

1933: Plans revived and the Elmdon site chosen.



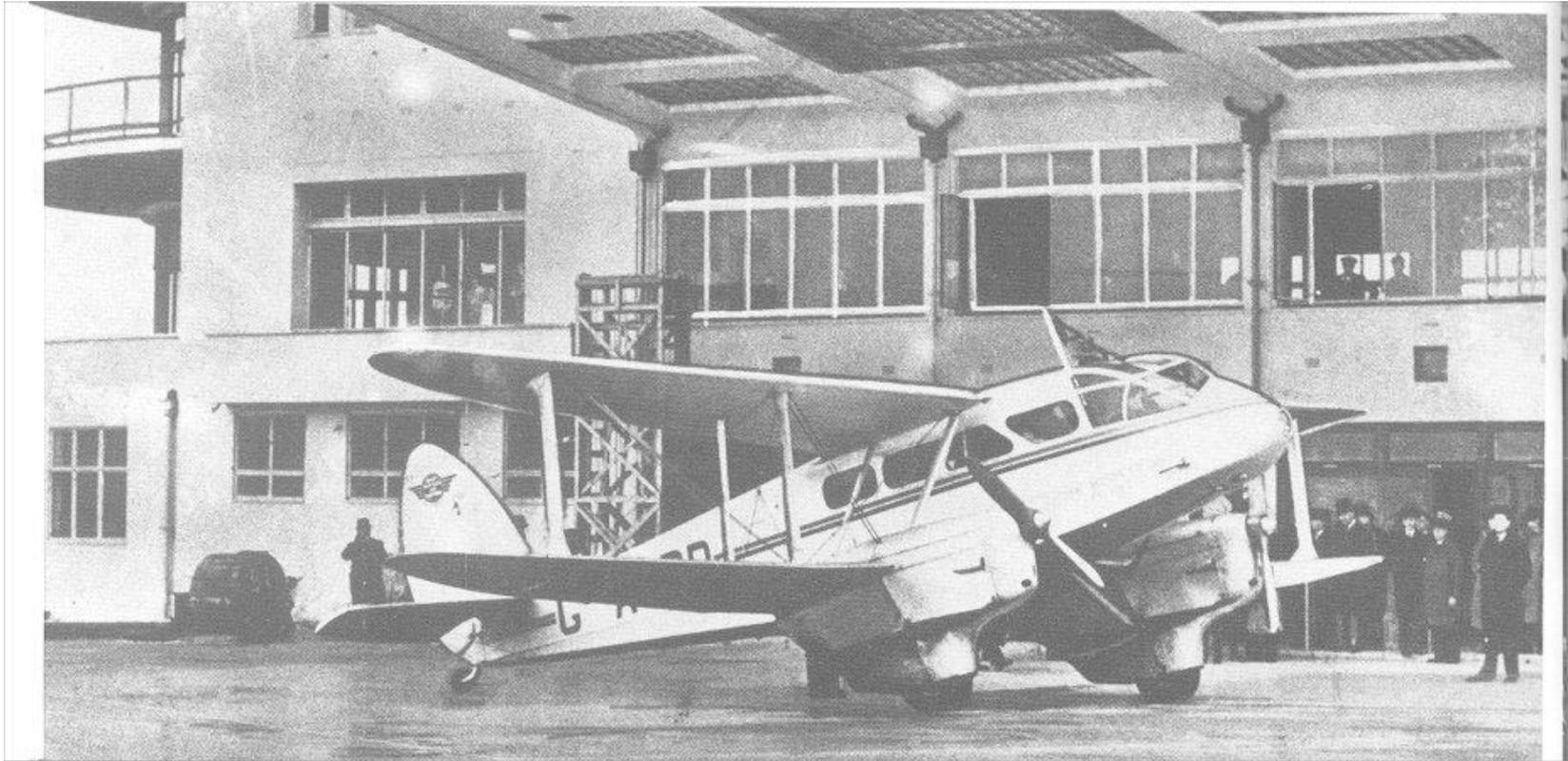
The Development



Giving birth to a
Modern cantilevered
Terminal Building at
a cost of £360k.



The first service...was a surprise



May 1st 1939 – a Dragon Rapide from Liverpool beating Railway Air Services from London.

However 1939 was a difficult year...



The airport was requisitioned by the military. Two hard runways installed, 4,260 feet and 4,170 feet serving Stirling and Lancaster bombers.



Birmingham Airport - evolution



Birmingham's O & D Markets



- Leading Birmingham Origin & Destination (“O&D”) markets are a mix of leisure and business points primarily in Western Europe
- This is typical for an airport serving a large metropolitan area
- Good diversification in attractive O&D routes

BHX's Leading O&D Destinations

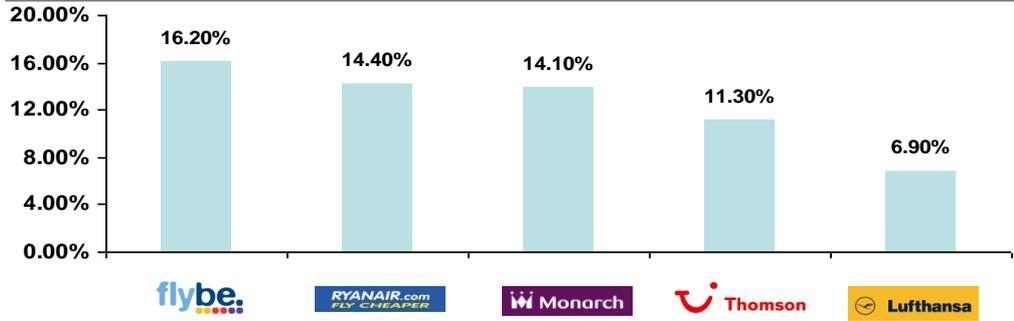
Destination		Avg daily pax (each direction)
Dublin	DUB	719
Dubai	DXB	639
Amsterdam	AMS	603
Paris	CDG	497
Alicante	ALC	413
Malaga	AGP	413
Tenerife	TFS	409
Belfast City	BHD	406
Palma De Mallorca	PMI	399
Edinburgh	EDI	389
Frankfurt	FRA	368
Faro	FAO	290
Glasgow	GLA	286
Arrecife	ACE	253
Munich	MUC	248
Dusseldorf	DUS	237
Dalaman	DLM	221

Diversified aeronautical revenue



- £47m in FY13 from aeronautical revenue streams
- Good presence in all four key sectors
- c. 85% of aeronautical revenue attributable to Scheduled, Charter and Low Cost flights
- Diverse base of airlines mitigating the risk of airline failures
- easyJet started first year-round service in 2012 and is seen as an opportunity for future growth
- Monarch, flybe, easyJet plus other flag or scheduled carriers growing to fill vacated or underserved routes at Birmingham

Top 5 airlines by % of total passengers



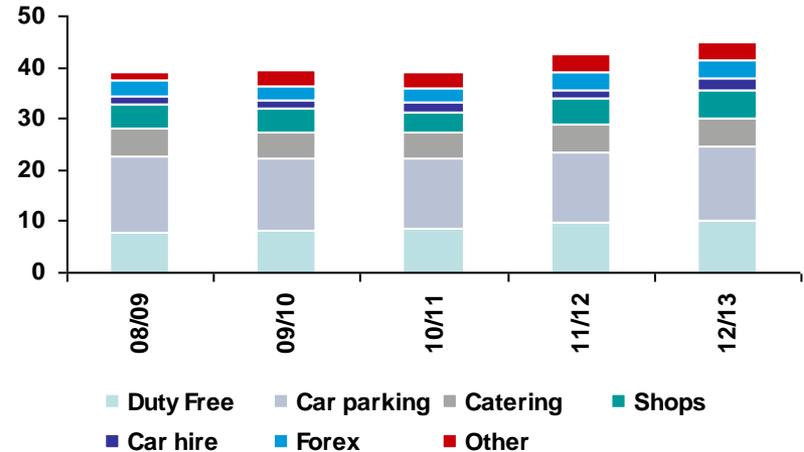
Key Airlines



Growing commercial revenues

- ➔ Retail
- ➔ F&B
- ➔ Car Parking
- ➔ Property and Other

Retail Income Breakdown (£million)



Major High Street Brands

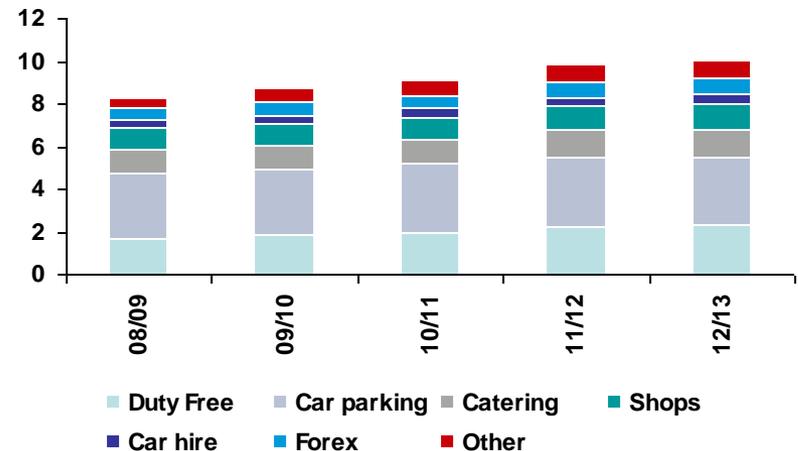
Catering: 17

Retail: 26

Other: 18



Yield per Departing passenger (£)

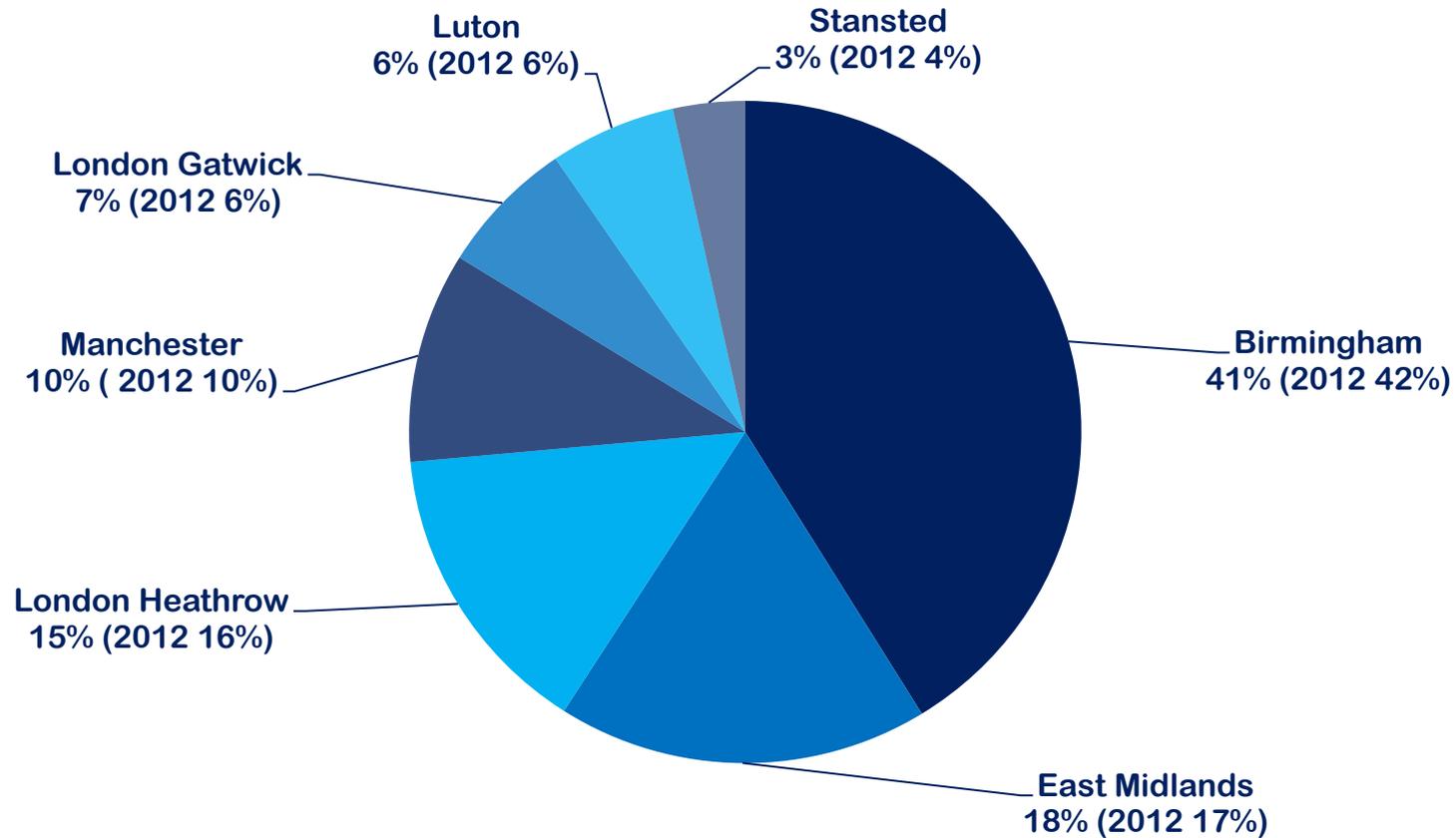


Catchment Penetration & Leakage

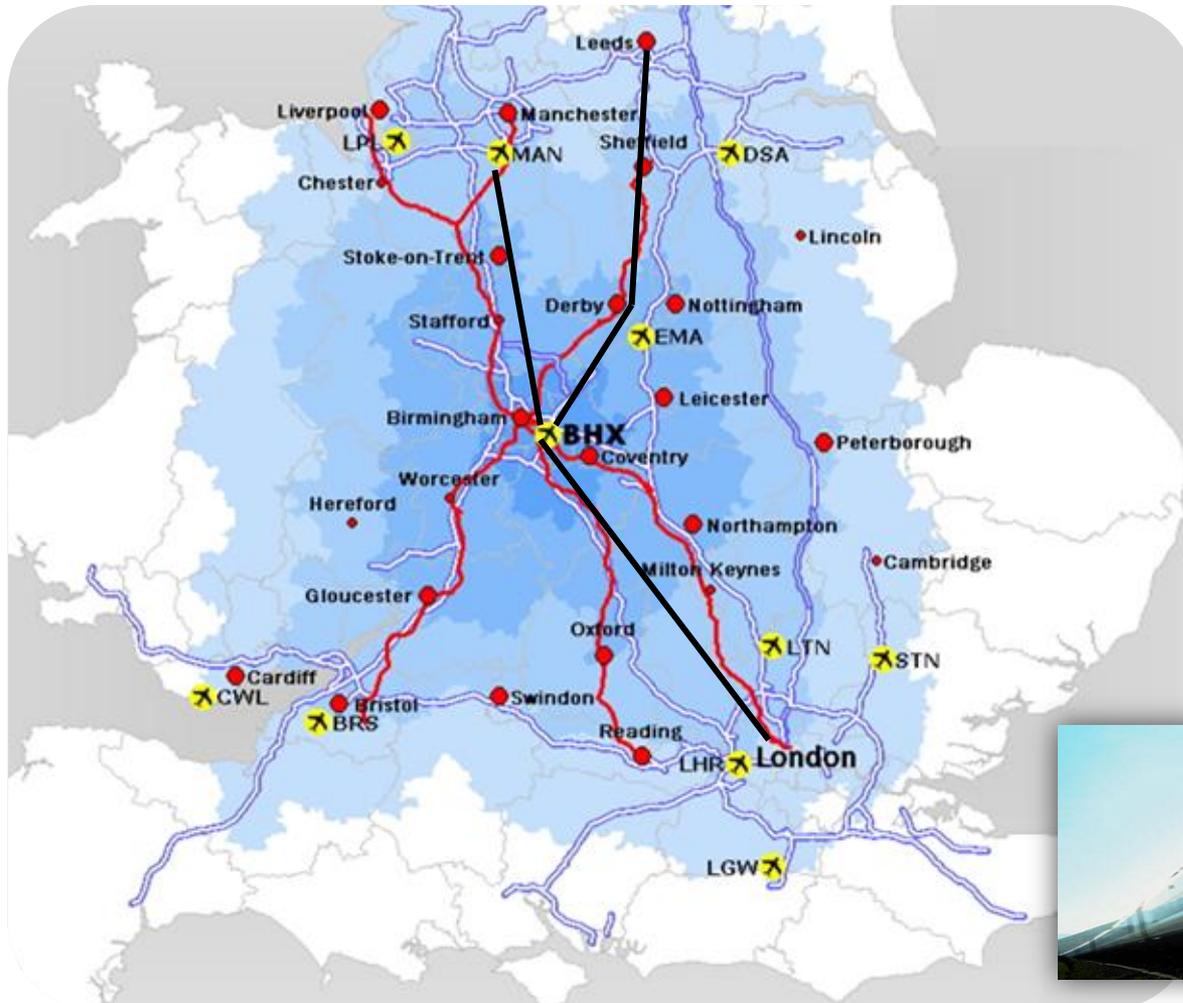


Birmingham Catchment Area Penetration

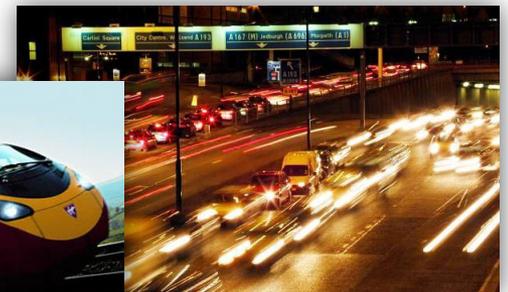
CAA Survey Data 2013



Market opportunity - location, population and transport



- 10m within 60 minutes
- 2nd largest city in UK
- Metro Pop c3 million
- Centre of UK manufacturing
- Tourism – Stratford, Warwick, Cotswolds, Wales
- Rail – direct to London in 1h10m
- Car – centre of UK motorway network

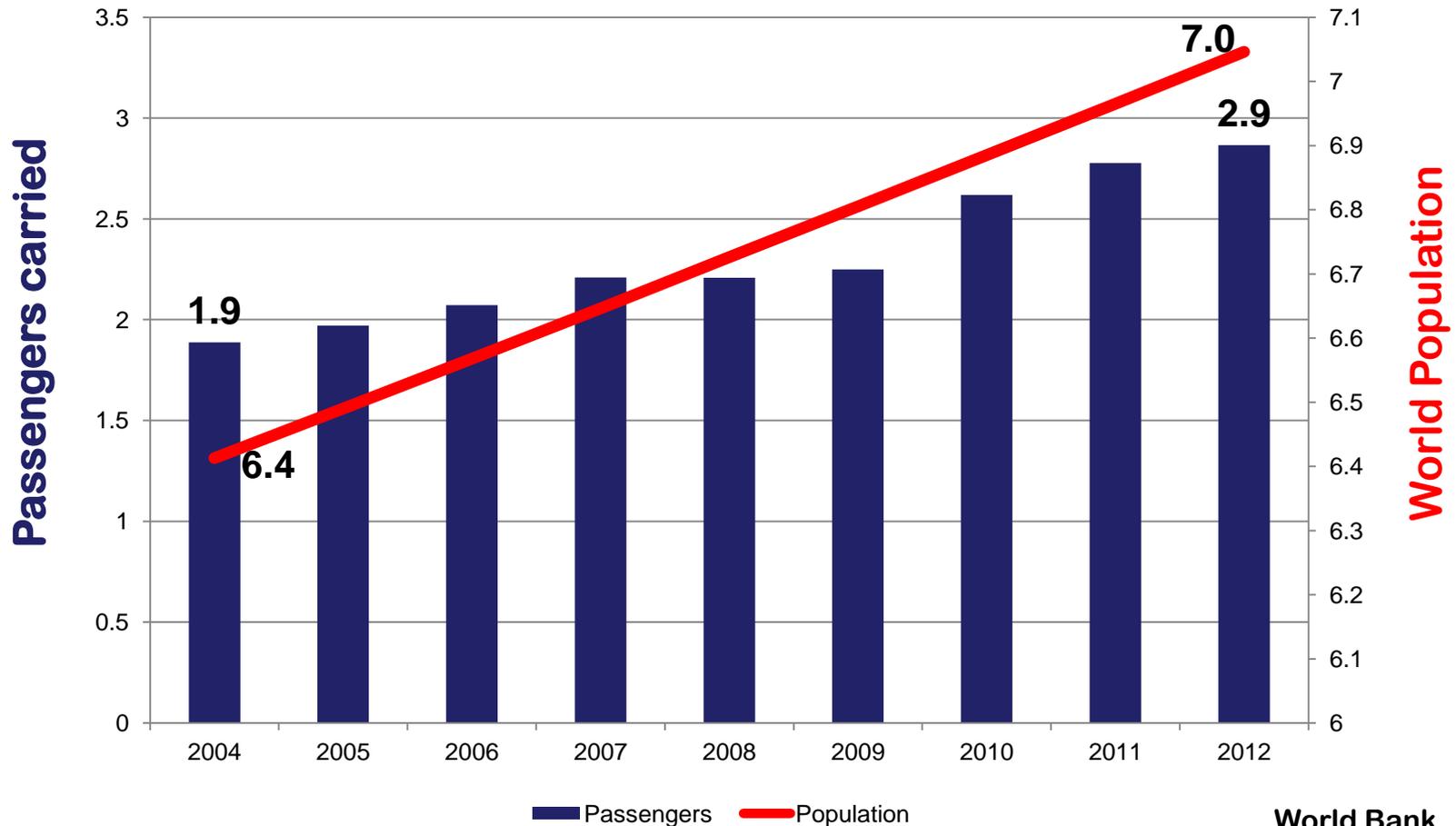


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Global reach equating to over 40% of world population and growing



The busiest Airport in the world has how many passengers?



The busiest Airport in the world has how many passengers... and the second has?



2012 Busiest Routes		Passenger M's	Change	Growth
1	Hartsfield–Jackson Atlanta International Airport	94,430,785	-	1.10%

The busiest Airports in the world account for 24% of passengers traffic

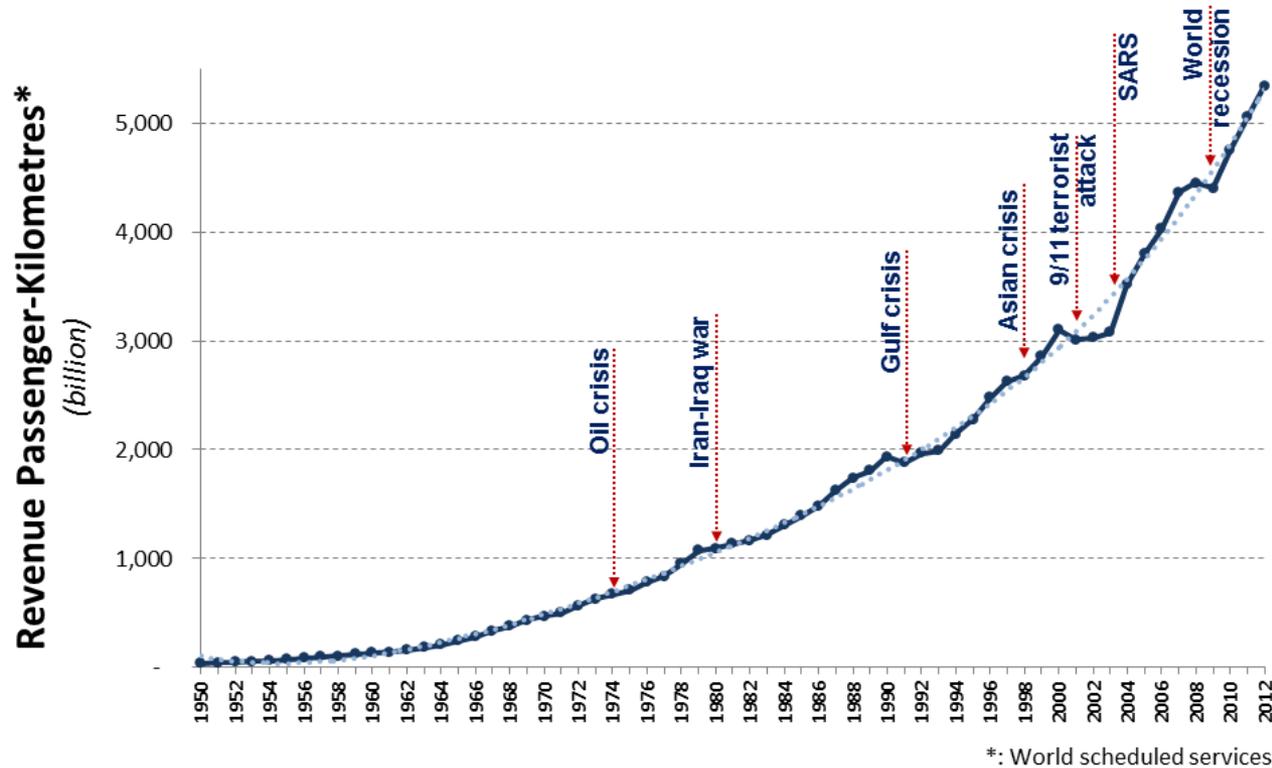


2012 Busiest Routes		Passenger M's	Change	Growth
1	Hartsfield–Jackson Atlanta International Airport	94,430,785	-	1.10%
2	Beijing Capital International Airport	83,712,355	-	2.20%
3	Heathrow Airport	72,368,030	-	3.30%
4	Tokyo International Airport	68,906,636	-	3.30%
5	O'Hare International Airport	66,883,271	-	0.10%
6	Los Angeles International Airport	66,702,252	-	4.70%
7	Dubai International Airport	66,431,533	+3	15.20%
8	Paris Charles de Gaulle Airport	62,052,917	-1	0.70%
9	Dallas-Fort Worth International Airport	60,436,266	-1	3.20%
10	Soekarno-Hatta International Airport	59,701,543	-1	3.40%
		701,625,588		

History demonstrates World Aviation recovers from a crisis not if but when!



The world aviation - 1950 to 2012



Where is the busiest single route and how many passengers?



Korea do you think any of the top 10 are in Europe?



2012 Worlds Busiest Routes				Passengers Ms	Miles
1		Seoul	Jeju	10.2	281

None, 7 are in Asia and none are in Europe or USA.



2012 Worlds Busiest Routes				Passengers Ms	Miles
1		Seoul	Jeju	10.2	281
2		Tokyo	Sapporo	8.2	512
3		São Paulo	Rio de Janeiro	7.7	229
4		Beijing	Shanghai	7.2	672
5		Sydney	Melbourne	6.9	441
6		Tokyo	Osaka	6.7	253
7		Tokyo	Fukuoka	6.6	552
8		Hong Kong	 Taipei	5.5	488
9		Tokyo	Okinawa	4.6	971
10		Johannesburg	Cape Town	4.4	794
Total/Average				68.2	519

Which is the largest airline in Europe?



Lufthansa ... which is second in Europe?



EU Airlines		2012	2011	2010	2009	2008	2007
Scheduled & Charter		M's	M's	M's	M's	M's	M's
1	Lufthansa	104.6	103.1	106.3	90.2	76.5	70.5

Ryanair and 8 of the top 10 operate from Birmingham



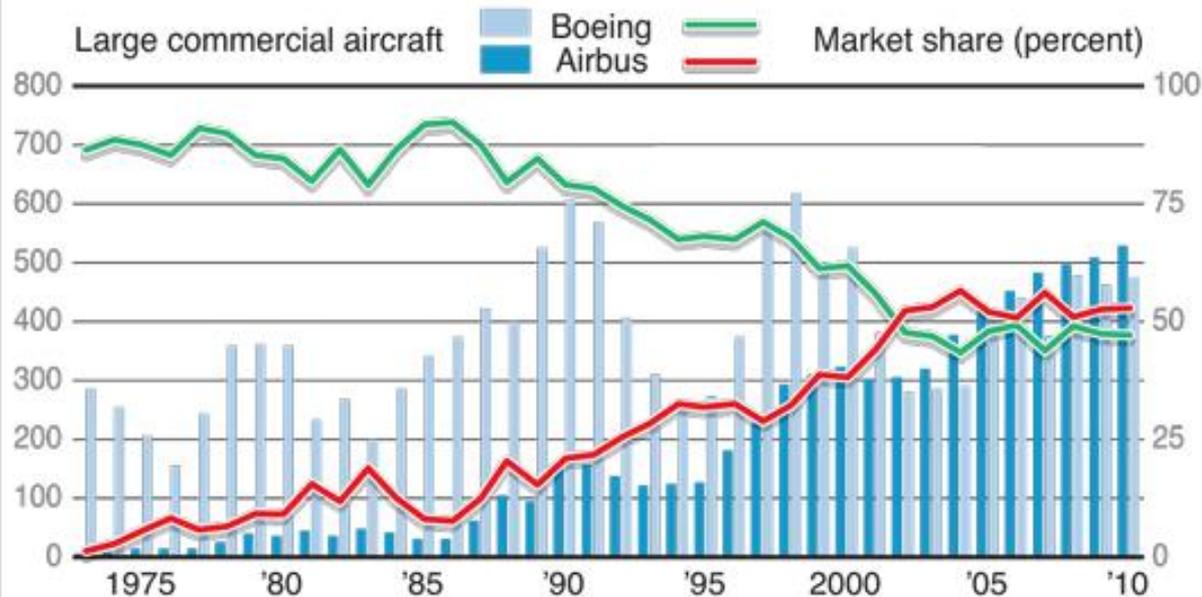
EU Airlines		2012	2011	2010	2009	2008	2007
Scheduled & Charter		M's	M's	M's	M's	M's	M's
1	Lufthansa	105	103	106	90	77	71
2	Ryanair	81	80	76	73	65	58
3	Air France KLM	78	78	76	71	71	74
4	IAG	67	55	52	57	57	56
5	easyjet	61	59	56	50	46	45
6	Turkish	48	39	33	29	25	23
7	TUI	34	-	-	-	-	-
8	AirBerlin	32	30	32	32	28	27
9	Aeroflot	31	28	16	14	11	12
10	SAS	28	28	27	25	25	29

Capacity growth being driven by two truly Global players



AIRBUS AND BOEING

Deliveries and market share



Note: 2011 Airbus deliveries over 530, industry sources say. Figures due on Jan. 17
Boeing data includes McDonnell-Douglas pre-1997 merger

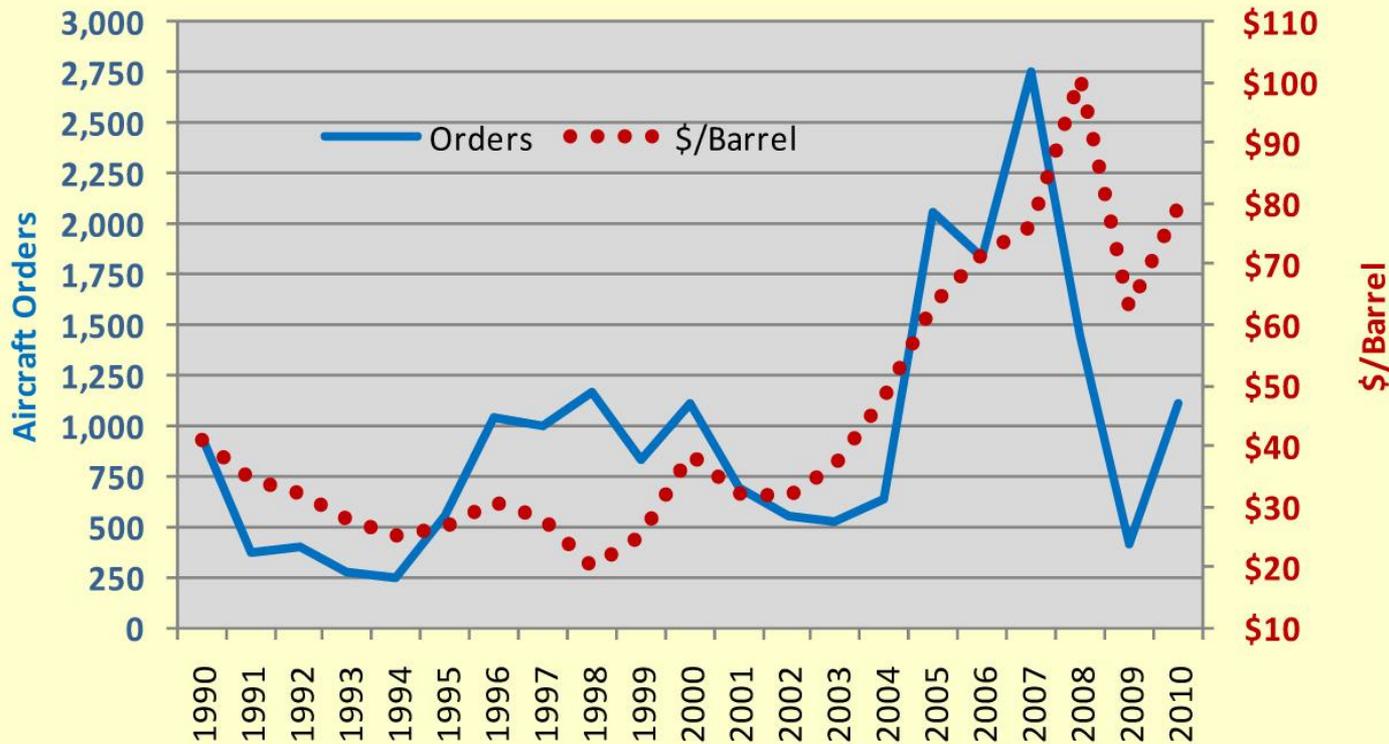
Source: Company data



Growth in orders has been cyclical sometimes counter intuitive



Aircraft Orders Vs. Price of Oil



Next development... the emergence of a world hub – what % of world population 4hr/8hr?



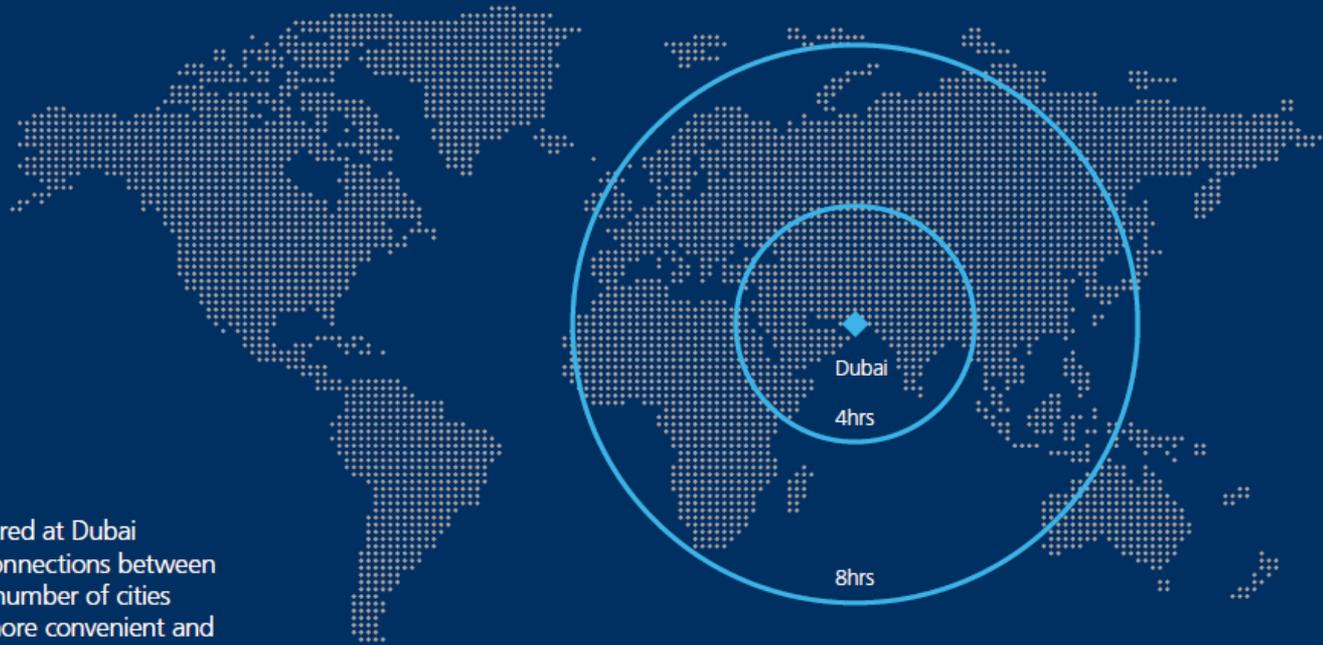
Next developmental stages ... the natural advantages of the Middle East as a World Hub



The emergence of a global hub

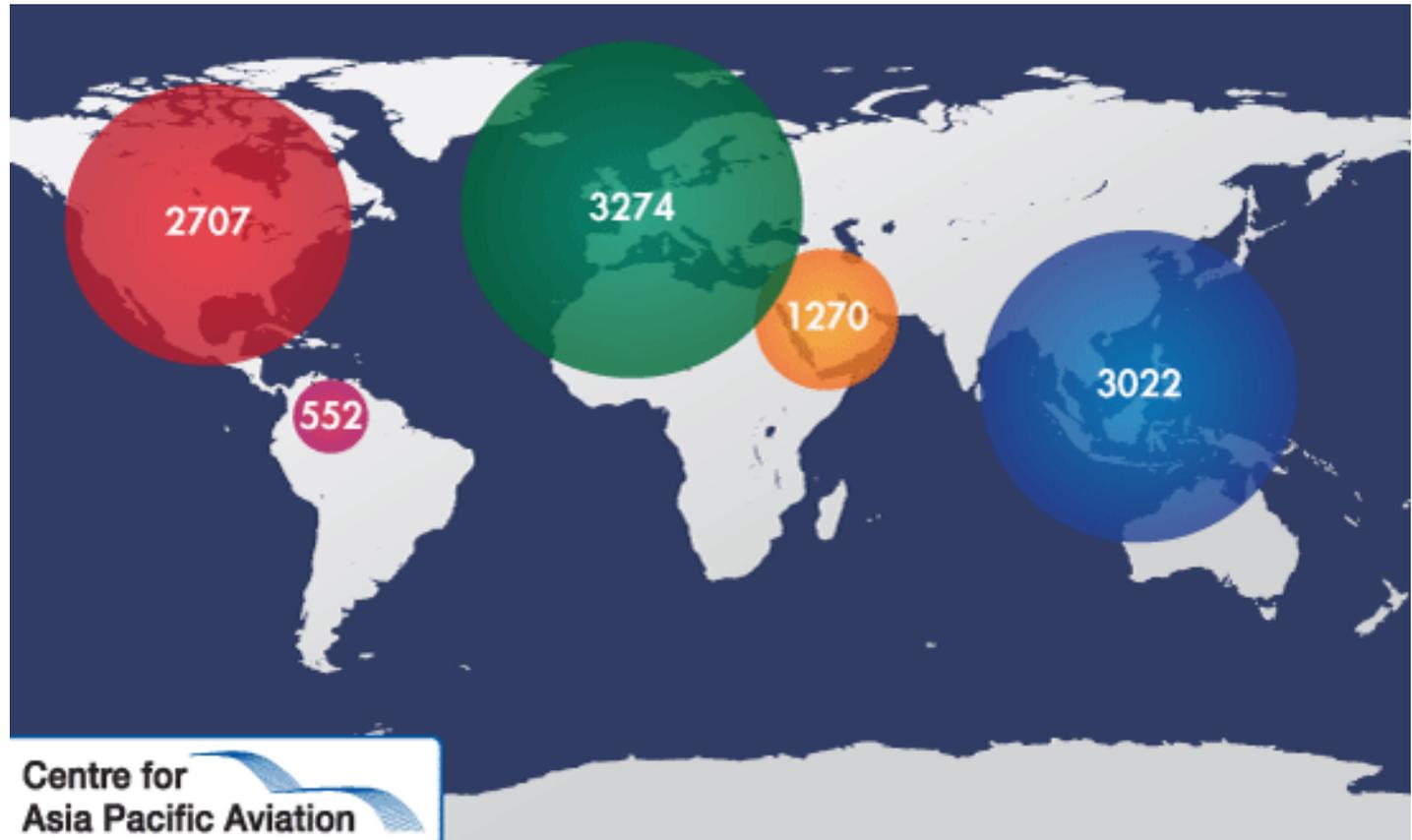
Over 2/3 of the world's population lives within 8 hours flight from Dubai

1/3 lives within 4 hours

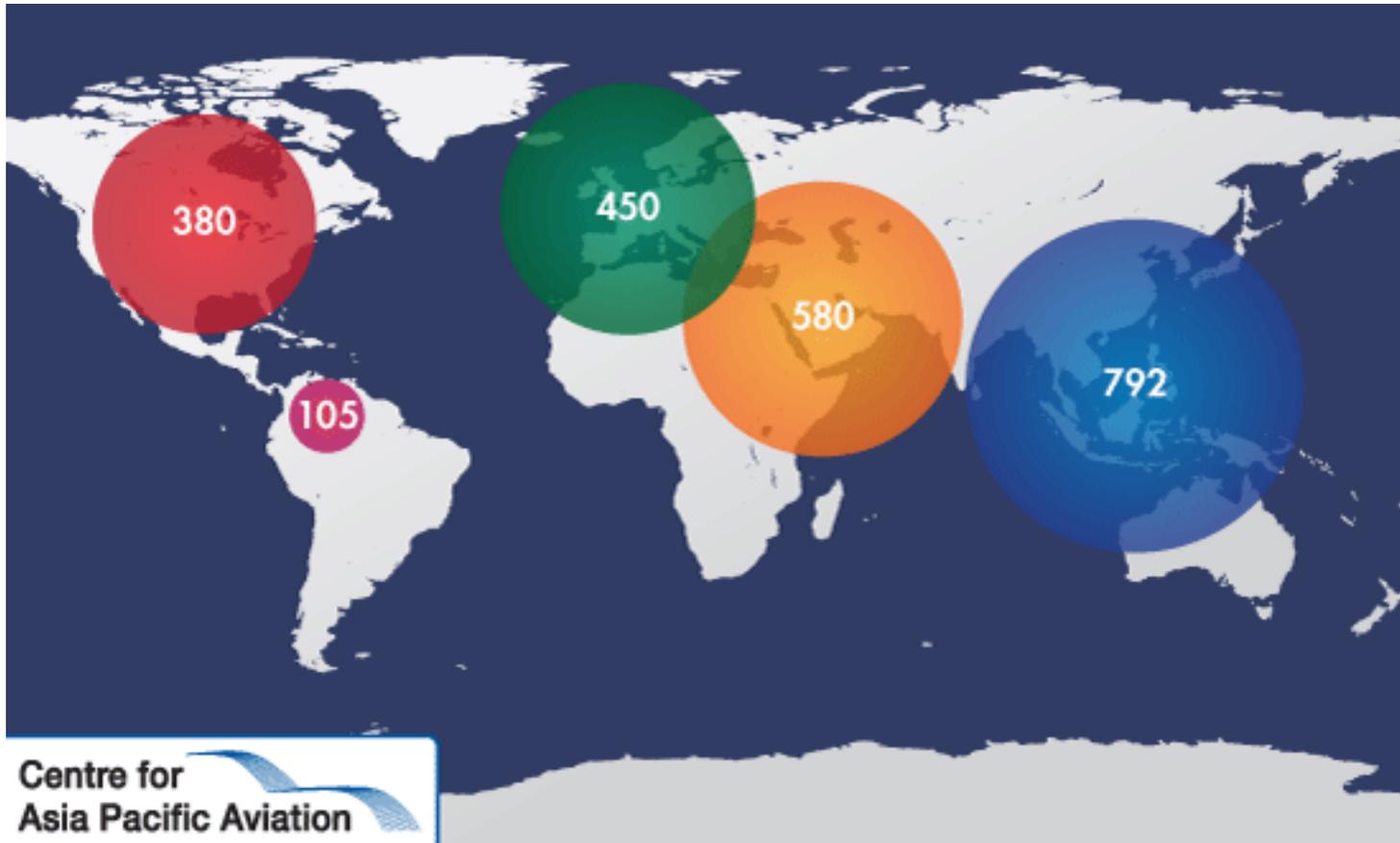


"The hub network centred at Dubai now provides faster connections between a constantly growing number of cities worldwide, creating more convenient and affordable links to a growing percentage of the world's population"

Next stages ...the emergence of a world hub
forward orders look balanced.



Next stages ...the emergence of a world hub forward orders look balanced until short haul (single aisle) orders removed.



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Runway extension capability by 2014

- Extended runway: 3000m TORA
- Translates to an increase in maximum range capability of around 2000 nautical miles
- Gives airlines the certainty that full passenger and cargo payload can be achieved under all weather conditions on current long-haul routes
- Brings new routes within economic reach
- Extends capability to US West Coast, South America, South-East Asia and China
- Small increase in range brings big benefits in terms of reaching key markets and global population centres



New control tower & Radar



New International Pier



Five New Fire Fighting Vehicles



Development – Major Projects



Monarch Hangar



Monarch Hangar Completed



- 110,000 sq. ft
- Boeing 787 Dreamliner maintenance
- Boeing 777, 747 and Airbus A350
- or 10 narrow-body aircraft
- Component repair and back shops



Birmingham Airport is
expanding...

Thank you and Q and A

