

MEDFA Annual Conference



India – opportunity, at what cost?

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November 24, 2009, Dubai

Empowering your airport

JUNE 26, 2006

EXCLUSIVE BOSS EXCERPT
AL-QAEDA'S PLOT
TO ATTACK THE NYC SUBWAY
By Ron Suskind



“New India is united by a respect for achievement and a yearning for a better life. There is an unprecedented belief that such a life is possible, regardless of one’s social and economic status.”

- Nandan Nilekani, Imagining India

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'Consumption' economy

- 3rd largest economy in the world.
- 5th largest consumer market in the world within 20 years (currently 12th) .
- GDP expected to be back at 2008 levels by 2012.
- Consumer spending will grow from \$372m in 2005 to \$70trillion in 2025. (Around 60% of total GDP).
- Over the next 2 decades India's middle classes will grow from 5% (50m) to 40% (nearly 600m people) of the population.

Market characteristics – opportunities and threats



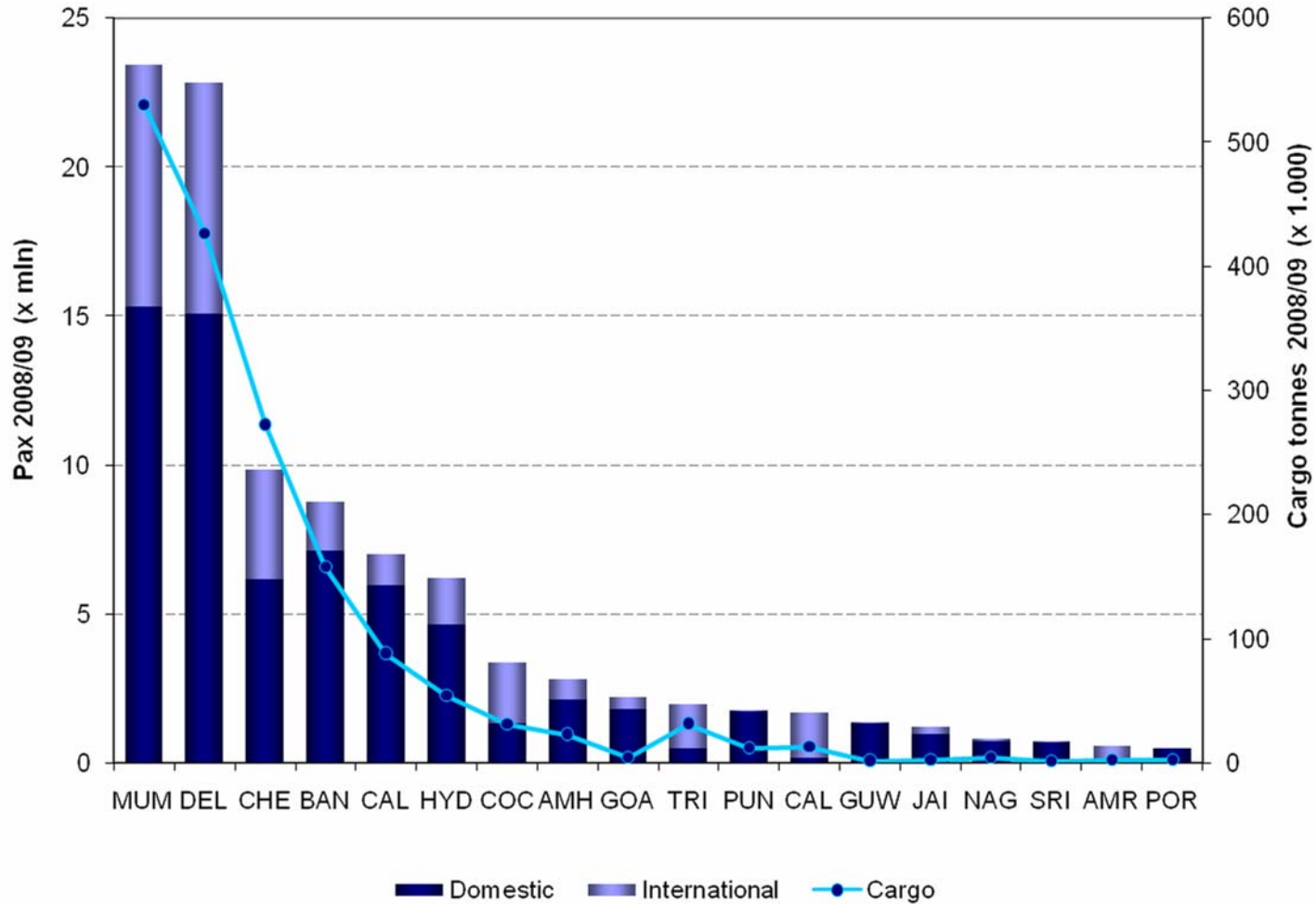
- Airline liberalisation and consolidation
- Proliferation of LCCs (price competitive)
- 5-year restrictions on new airline entrants into the marketplace (for international services)
- Positive moves to liberalise the regulatory framework
- Airports Economic Regulatory Authority established
- Plans for separate Air Traffic Management body
- Foreign Direct Investment

A young industry evolving....



- 1947 – India gains independence
- 1948 – Air India International Ltd created
- 1990 – Economic liberalisation
- 1994 – Cochin privatised
- 2003 – 1st LCC launched (Air Deccan)
- 2003 – Bangalore privatised
- 2005 – Hyderabad privatised
- 2006 – Delhi and Mumbai privatised
- 2009 – Indian government injection into Air India
- 2009 – GVKPIL strategic alliance with Unique Zurich

Traffic 08/09



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Today



- 100m passengers
- 70% of total traffic handled by 6 main metro airports (including 4 PPP) airports
- 30% of total traffic is international
- 50% of total international traffic handled by Delhi and Mumbai alone

Public-private partnerships

- Delhi – GMR, Fraport, Eraman Malaysia, AAI.
- Mumbai – GVK, ACSA, Bidvest, AAI.
- Hyderabad – GMR, MAHB, AAI, state of Andhra Pradesh.
- Bangalore - GVKPIL, Unique, state of Karnataka, Siemens, AAI, Larsen and Toubro.
- Cochin – CIAL, state of Kerala

From this....



Delhi

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To this...



Delhi

Empowering your airport

From this...



Kolkata

Empowering your airport

To this....



Kolkata

Empowering your airport

From this....



Chennai

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To this....

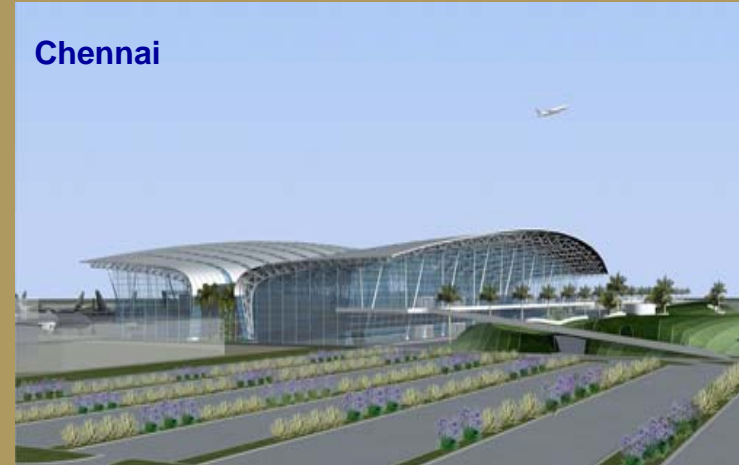


Chennai

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Incredible India!

- Govm't investment of \$2.4bn/60 airports
- Doubling capacity to 200m within 7 years
- 160m pax by 2020
- New emphasis on revenue generation
- Demand for higher levels of quality and service
- Competitive marketplace

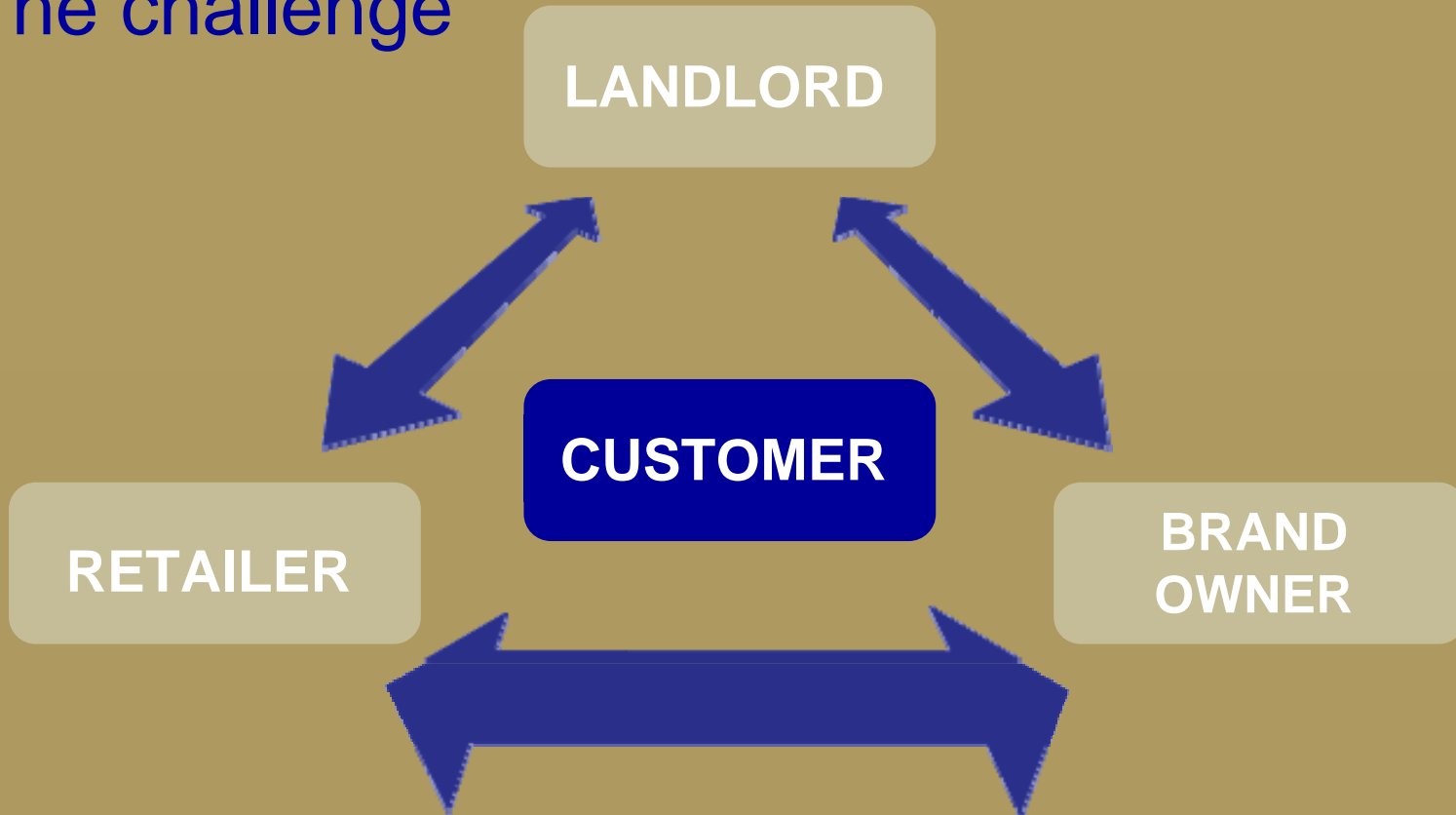


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Challenges

- Airline market
- Airport capacity
- Passenger demographic/\$ spend potential
- Skills gap

The challenge



Skills gap



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