

## **1. Company Profile**

**Aviation is our business.**

### **1.1 Expertise**

Since 1988 Lufthansa Consulting, an independent subsidiary of Lufthansa German Airlines, has provided services and solutions to the air transportation industry worldwide. Our portfolio and our consulting experts are dedicated to assist aviation specific client groups: airlines, airports and aviation authorities as well as related industries such as ground handling companies, cargo terminal operators, aircraft manufacturers and financial institutions.

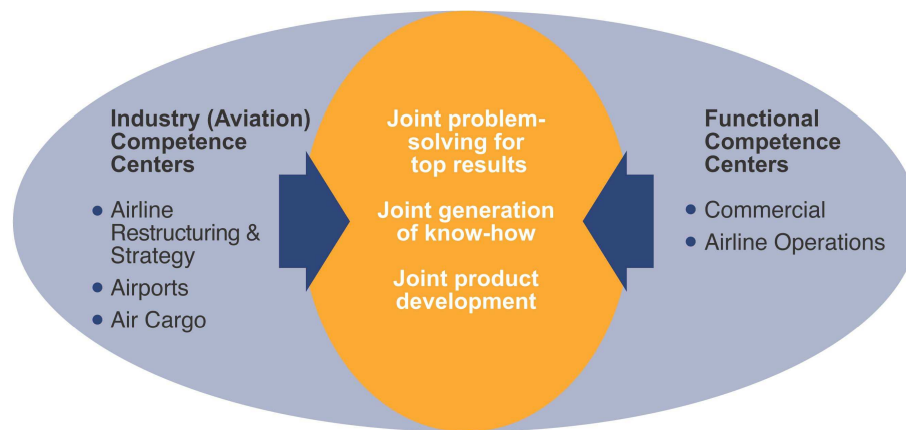
Our industry focus originates from our parent organization, one of the worlds' leading airlines and founding member of the StarAlliance, the international airline network. Thus we ensure that clients benefit from customized business solutions designed by consultants with a global understanding of the industry and in-depth knowledge of those topics that are critical for success. We know the aviation business! This knowledge enables us to quickly identify improvement potentials and offer customized consulting solutions including know-how transfer and implementation, applying the diversified experience of the entire Lufthansa Group.

Our consultants possess extensive industry experience and a profound command of pertinent methods and skills. In addition, they have access to sophisticated databases containing valuable data and information about markets, processes and technologies. These resources are being continuously developed to meet the dynamically changing requirements of our aviation clients.

Lufthansa Consulting maintains contact with leading German universities and other academic institutions to enrich practical experience with current results from research and development. Supporting our endeavor to extend the range and to improve the quality of our products and services we thereby develop innovative approaches towards improving our consulting services and methods, especially in the organizational and technical aspects of the airline and airport sector.

## 1.2 Company Structure

Our organizational structure mirrors key elements of the commercial aviation industry. The consulting experts are grouped into several functional and industry competence centers, which manage and coordinate all project and product related activities autonomously.



## 1.3 Services, Products and Competencies

Lufthansa Consulting offers a wide range of services and expertise for the client groups: airlines, airports and aviation authorities as well as related industries like ground handling companies, manufacturers and financial institutions.

### **Airline Operations and Maintenance**

Lufthansa Consulting offers a wide range of services with emphasis on safety, efficiency, regulatory compliance and crisis response management, in particular, focusing on interfaces between airlines, airports and Air Navigation Service Providers (ANSP's).

Our expertise – originally based on Lufthansa's proven methods - covers process design and improvements alongside cost potential analysis and implementation for Flight Operations, Flight Training, and Flight Support functions, together with implementation training. Particular emphasis is placed on quality assurance principles. All this is undertaken in the understanding that safety is the overall driver behind these initiatives.

Our services:

- Airline operations
- Crew management
- Safety and security tasks
- Quality management
- Ground handling and flight operation processes
- Maintenance and engineering/technical consulting

*Projects and Clients:*

- JAR-OPS 1 implementation for Gulf Air, Bahrain (2001)
- Study into merging of technical entities for Austrian Airlines Group, Austria (2001)
- Maintenance organization review for Cyprus Airways, Cyprus (2004)
- Review of flight ops for Oman Air, Oman (2001)
- Management assistance for maintenance and engineering for Bahamasair, USA (2002)

### **Air Cargo for Airports**

Because Air Cargo still spends most of its time on the ground, this is where often significant possibilities for increasing customer satisfaction lay hidden.

In times of integrated supply chains and global logistics it is processing speed, transparency, reliability, cost effectiveness and commodity specific treatment of goods that handling customers demand. Add to that local and international regulatory requirements for customs, security, veterinary and phytosanitary inspections and it becomes clear that flexible, high quality cargo handling has become a complex, sophisticated business. However, one that holds interesting potentials if done properly.

In this competitive environment we support our clients to develop perspectives and channel investments to deliver the greatest value for their business.

Our services:

- Feasibility studies
- Facility design & development
- Material handling systems design
- Process optimization
- Cost reduction
- Handling quality management

*Projects and Clients:*

- Air cargo terminal Chiang Kai-Shek for TACT Taiwan Air Cargo Terminal Ltd., Taiwan
- Lufthansa Cargo Center, Frankfurt, Germany
- Asia Airfreight Terminal, Chek Lap Kok Airport, Hong Kong
- Feasibility Study for Rehabilitation and Development of Cargo Facilities at Tashkent Airport for German Bank for Reconstruction (KfW) on behalf of Tashkent Airport Enterprises, Uzbekistan

### **Air Cargo for Combination Carriers**

At Lufthansa Consulting, we believe in the value of a well-run air cargo business for airlines.

The pronounced focus many combination carriers put on their passenger business results in their cargo divisions not achieving their full potential and leaves market opportunities unused.

But cargo's value contribution can be more than incremental revenue from an incidental by-product. The demand for air cargo services in a globalized economy helps to stabilize corporate results in times of reduced passenger demand while the on average higher growth rates of the cargo market bear interesting future development perspectives.

Our services designed to create commercial and intangible improvements with positive effects on the bottom line and market position of carriers' air cargo business include:

- Strategy definition
- Cargo network planning
- Sales performance improvement
- Cargo revenue optimization
- Quality management
- Preparation of strategic business unit spin-off

Comprehensive services aimed at improving value contribution and performance of airlines' cargo business has been provided for:

- Philippine Airlines
- Air Gabon
- Air Madagascar

### **Strategy and Planning Services**

The strategy and planning services of Lufthansa Consulting offer management support for the development or redevelopment of airlines' and airports' business activities with regard to revenue enhancement, organizational planning issues or strategic marketing programs.

Our services:

- Airline business planning
- Strategy development
- Organizational restructuring
- Human resource management and development
- Crisis Management
- Restructuring and turnaround management

*Projects and Clients:*

- Global strategy for Kuwait Airways, Kuwait (2004)
- TOPclass – Concept for administration shared services for Lufthansa German Airlines, Germany (2004)
- Start-up feasibility study and ramp-up plan for a start-up airline, Middle East (2001-2002)
- Restructuring of Philippine Airlines, Philippines (2001-2003)
- Pre-merger integration of independent entities for Lufthansa German Airlines, Germany (2001)
- Strategy and holding structure development for Egypt Air, Egypt (2003)
- Human resource management for Air Madagascar, Madagascar (2003)
- Post-merger integration of maintenance and engineering units for a medium-sized airline in Europe (2001)

### **Commercial**

Lufthansa Consulting offers expertise for aviation marketing management projects.

The extensive portfolio includes the analysis of specific aviation markets and segments, which is crucial for identifying measures for performance improvement in the aviation industry.

Lufthansa Consulting's services range from the application of our specifically designed forecasting methodology to the analysis and simulation of changes in the air transportation market environment (deregulation, liberalization and globalization). Our specific marketing mix approaches, e. g. for distribution channel management and aviation product management, ensure the appropriate and consistent market positioning of aviation enterprises and all of the products in their portfolio.

We have developed tried-and-tested marketing approaches to optimize commercial revenues and reposition airports and airlines in today's market environment and the market of the future.

Our services:

- Marketing management
- Sales and distribution
- Pricing
- Market potential analysis
- Network management
- Brand and product development
- Customer service management

*Projects and Clients:*

- Airport hospitality and customer well-being program for The Port Authority of New York and New Jersey, USA (2003)
- Brand development for Air Gabon, Gabon (2003)
- Air service development for Stuttgart Airport, Germany (2001)
- Sales and distribution strategy for Air Madagascar, Madagascar (2004)
- Commercial strategy for Tunisair, Tunisia (2003-2004)
- Network management for Royal Brunei Airlines, Brunei (2003)

### **Corporate Finance**

Lufthansa Consulting's corporate finance services are responsible for devising solutions and recommendations for financial issues that arise in projects within the aviation industry.

Our services:

- Internal and external (revenue/cost) accounting/management
- Route and network profitability
- Merger and acquisitions
- Privatization
- Risk management
- Reporting
- Controlling

*Projects and Clients:*

- Privatization of Guayaquil Airport for Autoridad Aeroportuaria de Guayaquil, Ecuador (2002)
- Cost reduction program for Mexicana de Aviacion, Mexico (2001)
- Restructuring and preparation for privatization for TAROM S. A., Romania (2002)

### **Airport Consulting**

Recent market developments such as liberalization and deregulation have forced airports to act independently and attract airlines, retailers as well as partners and passengers. Lufthansa Consulting offers specific services for

airports to enhance revenues and establish themselves as reliable business partners within the aviation industry.

Lufthansa Consulting's airport experts assist airport operators, governments, investors and financial institutions. We support airport operators in increasing their revenue streams by increasing and optimizing their traffic base in terms of passenger and cargo volumes and aircraft mix. In this regard our understanding of airline network planning patterns helps our airport clients to capture and develop profitable traffic flows. We support airport stakeholders in airport expansion projects and are renowned as advisors in airport privatization projects for the public sector as well as for investor groups and consortia.

Our services:

- Airport master planning
- Airport development
- Feasibility studies
- Assessment of technical and financial feasibility of airport infrastructure  
Airport strategies
- Assistance in airport privatization and post-privatization projects
- Airport business planning
- Air service development (route development for airports)

*Projects and Clients:*

- Strategic advice for the development of Aeropuerto del Norte International Airport for Metro Alianza S. A. de C. V., Monterrey, Mexico (2004-ongoing)
- Market potential analysis, air service development and technical support for Moscow Vnukovo Airport, Russia (2004-2005)
- Airport Assessment and development program of Kish International Airport, Iran (2004)
- Airport Assessment of Bobo Dioulasso, Burkina Faso (2004)
- Airport Assessment of Ouagadougou, Burkina Faso (2004)
- Privatization of Guayaquil Airport for Autoridad Aeroportuaria de Guayaquil, Ecuador (2002-2004)
- Due Diligence for Jorge Chávez International Airport, Lima, OPIC, Peru (2002-2003)
- Development of an Airport Hospitality and Customer Well-being program for the airports JFK, LaGuardia and Newark for the Port Authority of New York and New Jersey, USA (2002-2004)
- Tashkent Airport Air Cargo Feasibility Study for KfW, Germany (2002-2003)
- Strategic Airport Master Plan for Philip S.W. Goldson Airport, Government of Belize, Belize (2001-2002)

- Development of entry strategy for overseas markets for Hochtief Airports, Germany (2002)
- Air service development on Germany-Asia routes for Stuttgart Airport, Germany (2001)
- Strategic Advice for the Development of Toluca International Airport, Government of Estado de México, México (2002-2003)
- Bid for East Midlands Intl. Airport & Bournemouth International Airport, Unique Zurich Airport, Switzerland (2000)
- Bid for Mexican Airports (Grupo Pacifico, GAP), Fraport, Germany (1999)

## 1.4 Facts and Figures

<b>Headquarters</b>	<p>Lufthansa Consulting GmbH          Von-Gablenz-Str. 2–6          50679 Cologne          Germany</p> <p>Phone: + 49-221-88996-0          Fax: + 49-221-88996-60          E-Mail: <a href="mailto:mail@lhconsulting.com">mail@lhconsulting.com</a>          URL: <a href="http://www.lhconsulting.com">www.lhconsulting.com</a></p>
<b>Executive Management</b>	<p>Kim Flenskov  <i>Managing Director</i></p> <p>Werner Schübler  <i>Managing Director</i></p>
<b>Corporate Form</b>	<p>Private Limited Company          100% owned by Lufthansa German Airlines</p>
<b>Branch Offices</b>	<p>Lufthansa Consulting GmbH          MAC/Main Airport Center          Unterschweinstiege 2 - 14          Building A, 1st floor          60549 Frankfurt/M.          Germany</p> <p>Phone: +49 (0)69-696 20845          Fax: +49 (0)69-696 20830          E-mail: <a href="mailto:mail@lhconsulting.com">mail@lhconsulting.com</a></p>
<b>Staff</b>	<p>More than 80</p>