



Aerial View of the Airport

HELSINKI-MALMI INTERNATIONAL AIRPORT BUSINESS PLAN

2015

Helsinki-Malmi International – HEM – EFHF

Overview

2

- This business plan has been written for Helsinki-Malmi airport in case the Finnish state decides to move its operations out from the airport (Finavia)
- A solid business model to support Helsinki Metropolitan Area has been designed based on European and global estimates of air traffic development, potential for Smart Mobility innovation piloting

Agenda

3

- Current Situation
 - ▣ Industry, Airport, and Market
- Today's Issues
- Business opportunities
 - ▣ Very Light Jet and Turboprop business aviation
 - ▣ Smart mobility aviation innovation development
- Airport Strategic and Master Plan
 - ▣ Mission, Vision, and Values Statements
 - ▣ SWOT Analysis
 - ▣ Strategic and Development Goals

4

Current Situation

Industry, Airport, and Market



Industry

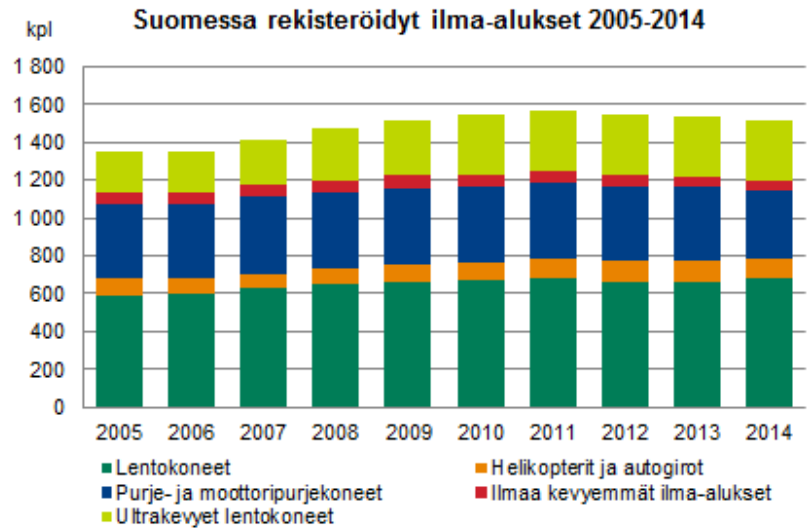
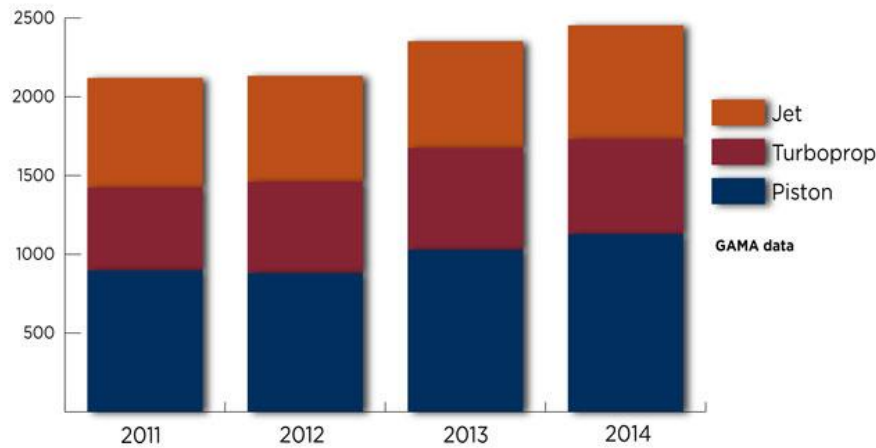
5

- The general aviation industry is sensitive to economic conditions.
- Over the last three years (2011-2014):
 - General aviation aircraft shipments have increased ~5% per year (from 2120 to 2454 delivered aircraft, http://www.gama.aero/files/GAMA_2014_Databook_LRes%20-%20LowRes.pdf).
 - The number of registered general aviation aircraft is increasing. In Finland, there are about 1500 registered aircraft.
 - 80 714 general aviation hours flown in Finland 2014, an increased of 8,9% from 2013 (74 101 hours 2013))
 - The number of licensed pilots in Finland is 7896, of which 6701 are general aviation licenses
 - Fuel consumption has decreased with renewal and development of aircrafts.
- These trends have had an impact on most general aviation airports in the Europe in terms of aircraft operations, based aircraft, and fuel volumes.

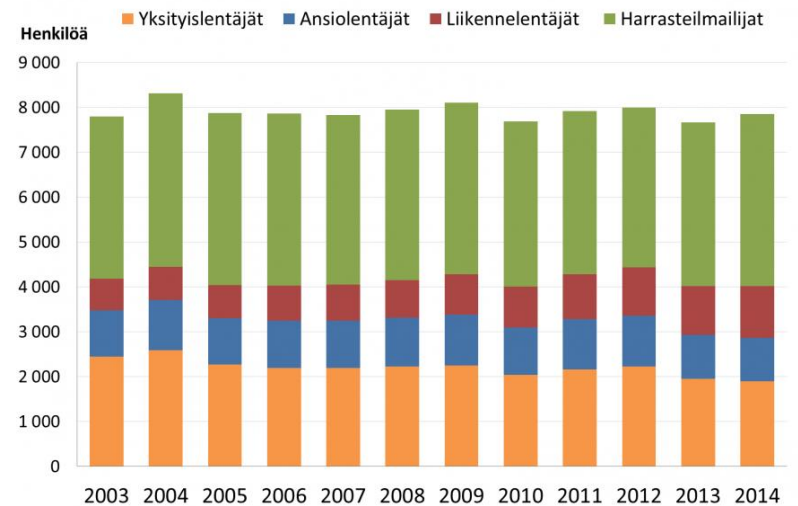
Statistics

6

Worldwide Airplane Shipments



Suomalaisten ilmailulupakirjojen haltijat



Lähde: Trafi

Airport

7

□ Assets

- Land area 138 hectares
- Infrastructure
 - Runways, taxiways, ramp, roadways
 - Renovation needs exit
- Improvements
 - Buildings, facilities, others
 - Opportunities available
 - Historical 100% of rental rate of airport offices and hangars
- Vehicles and equipment
 - Finavia old equipment in good working condition
- Tools and materials

□ Amenities

- Approaches, tower, and products, services, and facilities

□ Attributes

- Size – 2nd busiest airport in Finland
- Location perfect in Helsinki metropolitan area
- Good proximity and accessibility from Helsinki city and neighboring metropolises (St. Petersburg, Tallinn, Stockholm)



Aerial View of the Airport

Major Tenants

8

- Aeronautical
 - Malmi based CAT operators:
 - Two fixed wing companies, one helicopter company
 - Malmi based Aerial work and training operators
 - Five AW operators and 3 international regular visitors
 - Non-commercial Malmi based operators
 - Five flying clubs with 3000 members
 - Government operators:
 - Border guard, customs
 - Military
 - Occasionally
- Non-Aeronautical
 - Training organizations
 - White collar offices

Aviation Products, Services, and Facilities

9

- **Fueling Services**
 - ▣ All needed services at the site, by three fuel companies
- **Terminal Building, Hangar**
 - ▣ Currently Finavia, future 1-4 operators which of one is taking care of ATC/AFIS
- **Aircraft Maintenance and Repair**
 - ▣ Several companies working under EASA (Subpart G, Part 145, Part F) certificates
- **Avionics and Instruments**
 - ▣ Several companies working under EASA (Subpart G, Part 145, Part F) certificates
- **Aircraft Rental and Flight Training**
 - ▣ Commercial and non commercial operators

Market – Based Aircraft

11

Year	Single-Engine	Multi-Engine	Jet	Helicopter	Total	Annual Change
2010	136	8	-	12	156	N/A
2011	143	8	-	18	169	8.33%
2012	144	11	-	15	170	0.59%
2013	144	10	-	16	170	0.00%
2014	146	12	-	19	177	4.12%
Total Change	7.35%	50.00%	0%	58.33%	13.46%	
Average Change	1.79%	10.67%	0.00%	12.17%	3.21%	

Financial Budget- new operator

12

Business Budget			
Operational incomes	560 000,00 €		
Other incomes	649 200,00 €		
Total incomes	1 209 200,00 €	100,0 %	
Administration costs	121 250,00 €	10,0 %	
ATC costs	511 800,00 €	42,3 %	
Apron costs	376 500,00 €	31,1 %	
Infrastructure costs	120 000,00 €	9,9 %	
Total costs	1 129 550,00 €	93,4 %	
Business profit	79 650,00 €	6,6 %	

Estimates are based on benchmark data from similar airports

Finavia extremely heavy operating model in next slide for comparison

Financial Results Finavia estimate

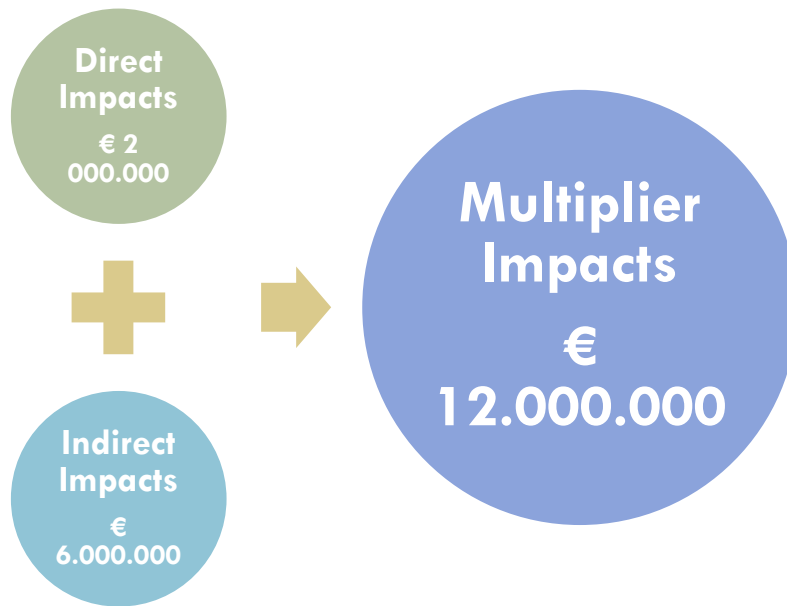
13

Business Budget			
Operational incomes	408 000,00 €		
Other incomes	324 200,00 €		
Total incomes	732 200,00 €		100,0 %
ATC costs	1 006 000,00 €		137,4 %
Administration costs	221 300,00 €		30,2 %
Apron costs	436 320,00 €		59,6 %
Infrastructure costs	120 000,00 €		16,4 %
Total costs	1 783 620,00 €		243,6 %
Business Profit	-1 051 420,00 €		-143,6 %

Economic Impacts w/ new operator

Whole airport

14



TOTAL EMPLOYMENT
1.200
TOTAL PAYROLL
3.360.000
TOTAL ECONOMIC ACTIVITY
€25.000.000

2015

Summary

15

- Aircraft operations are down 4,97%
 - ▣ Marketshare has increased as sole GA provider in Helsinki area
- Based aircraft are remaining as is
 - ▣ More than 150 aircrafts have their base at Malmi
- Airport operating revenues are not known (*)
- Airport operating costs/expenses are not known (*)
- Airport operating subsidy is not known (*)

- (* Finavia does not give real numbers)

Today's Issues

16

- New operator needs to clarify and agree the operating timescale with Helsinki, until the site is needed for building
- New operator will start paperwork with Trafi in order to establish Air Traffic Control service in May 2016
- Lease agreement with Helsinki that covers land and the buildings
- In a nutshell: Operators of the airfield need to have some certainty of continuous operations to avoid bankruptcies and other negative financial impacts

Today's Issues

17

- The lease agreement with the airport's FBO is originally scheduled to expire in 19 years
- Some of the airport's AW operators are thinking about relocating to Helsinki-Vantaa airport
- Some of the airport's non-commercial tenants want to lease additional land on the other (undeveloped) side of the field
- A company has expressed interest in leasing airport property for non-aeronautical purposes (use)
- A business/route airline wants to start operations 4/2016

Existing and Potential Goals and Objectives

18

- The airport will be financially self-sustaining
- Negotiation and business development together with Helsinki
 - ▣ Establish 2-5 airport owned and operated T-hangars within 6-18 months
 - ▣ Increase commercial flying = competition with Helsinki-Vantaa
- Develop and implement policies that enhance the safety, security, and efficiency of the airport within 18 months
 - ▣ Primary Guiding Documents
 - Leasing/Rents and Fees Policy, Minimum Standards, Rules and Regulations, and Development Guidelines within 12 months
 - ▣ Others

Business opportunities

19

- VLJ and single engine commercial IFR market in huge rise – Malmi better suited to cater to this market than Helsinki-Vantaa
- International company business interest in Malmi airport – foreign direct investment potential
- Malmi airport as a innovation platform for smart general aviation mobility solutions – enhances the international reputation of Helsinki as a global leader in Smart Mobility

Business opportunities

20

- During 2014-2015 many international delegations from cities and multinational companies have visited Helsinki to learn about Smart Mobility concepts
- Global need for smart light air traffic solutions exists but no real offerings yet – Helsinki can be a global frontrunner in this field
- Malmi can offer a perfect environment for this kind of innovation

Social capital of Malmi airport

21

- Threats against Malmi have created a unique social capital at Malmi – a strong, heterogenic society of individuals, associations and companies from the airport and surrounding areas (esp. Tattarisuo)
- This motivated and strong ecosystem is much better and easier place to develop new ideas than new suburb with no existing community.
- Malmi airport will be the heart of "Smart & Clean Malmi" as defined in current suggestion (p. 32) – all ideas can be accomplished with huge potential if aviation functions are retained.

22

Airport Strategic and Master Plans



Strategic Plan – Existing Mission, Vision, and Values

23

Mission Statement

- Together, we will serve our community and customers by providing excellent service, access to the rest of the world, a safe and environmentally friendly smart airport, and new solutions for the aviation industry and Helsinki Metropolitan area

Vision Statement

- Our airport is the gateway of choice for the industry, entrepreneurs, and travelers and an important contributor to the regional economy of Helsinki and Finland

Values Statement

- Community-oriented in our focus; always strive to be a good neighbor
- Outreach to aviator and community to understand and balance needs and priorities
- New ways of evaluating opportunities and challenges by creating innovative, smart, clean solutions

Strategic Plan – Existing SWOT Analysis

24

- Outstanding assets (airport infrastructure and amenities) and resources
- Competitive advantages in the area
- Solid experience, expertise, knowledge
- Abundant information/data
- Public support

Strengths

- Some missing assets (GNSS) and resources
- Competition as start-up
- Limited experience, expertise, knowledge
- Lack of information/data
- Start-up financial position

Weaknesses

- Infrastructure/amenities development
- Start-up position allows innovation Technology development
- Product, services, facilities development
- Aeronautical (business and/or tenant) expansion

Opportunities

- Political environment
- Market demand/capacity
- Seasonality/weather
- Funding
- Opposition to the airport
- Encroachment

Threats

Business plan participants

25

- Business model by Kramer Aerotek inc.
<http://www.krameraerotek.com/>
- Expert resources
 - ▣ Air traffic and aviation education
 - CEO Esa Korjula, Paradox Aviation Ltd.
 - ▣ Business and financial planning
 - CEO Pasi Siimes, Aviastar Helsinki Oy
 - ▣ Business strategy and practical business plan
 - CEO and management consultant Timo Hyvönen, 3gamma Oy
 - ▣ Business innovation and smart mobility
 - Clean and Smart Business Investment Advisor, Niina Kuusanniemi-Abbotts