



Example Investment Risk Profile

Reinforced by Advanced Scenario Planning

Airlines

High Level Outlook for Industries Globally

Amplios

Amplios Consultants Pte Ltd

1 October 2010

1. Executive Summary

Purpose

The purpose of this report is to summarize the results of the workshop for future studies attended by members of the airlines community in Kuala Lumpur, Malaysia. The risk factors have now been updated to reflect recent developments in operational risk management for both airlines and airports.

The Investment Opportunity

The strong and steady development of the global economies has created a demand for new airlines services of many kinds, however economic risks in the developed economies are of great concern.

Investment Required

The investment required for participation in the industry sector varies with the investor's strategy.

Return on Investment

Preliminary studies indicate that the return on investment in the industry sector may be attractive, but should be assessed only after detailed financial modeling has been done.

Risks

The main risks in the short term include the market battles between the low cost and traditional carriers and the emerging hub airports.

Recommendation

The result of our risk profiling study is a recommendation that the prospective investors should **proceed with caution** to the strategy development stage. This should however still involve discussions with all stakeholders.

Details are given overleaf.



Blending bio-fuels is still an expensive option.



Regulations are becoming more stringent and expensive.

Overview of Risk Profile

To arrive at our recommendation ***proceed with caution***, we have assessed more than 100 relevant future events using our copyright ***Rapid Due Diligence*** methodology. The details of the calculations and assumptions are shown in the graphic below:

The Futurist Institute

Strategic Foresight

Global Scenario Snapshot

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Purpose: to demonstrate the application of scenario building via estimation of future events

Select events and trends from the drop-down lists. For events that are a consequence of the one above, select "F".

Select Risk Probability (High,Medium,Low) Impact (Positive,Negative), Degree of Impact (High Medium,Low)

To indicate those events within management's control, select "C". (Control has no effect on score.)

The overall score combined with the bar chart shows the overall sense of risk.

To edit the events labels, click on the "Edit Events" tab. Both tabs are visible together. To edit trend labels, click on the

The recommendation changes as the overall score changes from positive to negative. When your data entry is complete, enter "Yes" here:

Yes

Controllable =

Global Scenario Snapshot - Top 10 Events										Score out of 100 =			10.5
Row	Event No.	Event Label	Trend	F	P	D	I	C	Score	<Negative Positive>			
1	1	global connectivity	- improving	I	H	M	P	U	40.0				
2	4	hub airports creation	- increasing	I	M	L	P	U	10.0				
3	5	conversion of old airports to cities	- increasing	F	M	L	P	U	10.0				
4	17	airport-city public transport	- stable	F	L	M	P	U	10.0				
5	11	mandatory pilot retirement age	- falling	I	M	M	N	U	-25.0				
6	7	availability of airline pilots	- declining	F	L	H	N	C	-16.0				
7	39	market consolidation of airlines	- increasing	I	L	M	P	U	10.0				
8	21	airline commercial viability	- improving	F	M	H	P	C	40.0				
9	29	airport operations regulations	- improving	I	M	L	P	U	10.0				
10	30	airline cargo security	- increasing	F	H	L	P	C	16.0				
* F =Follows, P= Probability of occurrence, I= Impact, D= Degree, C= Controllability							Recommendation:		Proceed with caution				

Our Rapid Due Diligence methodology has allowed us to generate a high level summary report as shown below:

<u>Event</u>	<u>Summary Report</u>	
1	<p>For this research topic, the most important issue will be global connectivity, which is most likely to be improving.</p> <p>The probability of this occurring during the investment timeframe is high.</p> <p>This will have a medium positive impact on our business case which will be beyond our control.</p>	<p>The probability of this occurring during the investment timeframe is low.</p> <p>This will have a high negative impact on our business case which will be within our control.</p>
2	<p>Another independent issue will be hub airports creation which is most likely to be increasing.</p> <p>The probability of this occurring during the investment timeframe is medium.</p> <p>This will have a medium negative impact on our business case which will be beyond our control.</p>	<p>7 Another independent issue will be market consolidation of airlines which is most likely to be increasing.</p> <p>The probability of this occurring during the investment timeframe is low.</p> <p>This will have a medium positive impact on our business case which will be beyond our control.</p>
3	<p>In this case a major consequential issue will be conversion of old airports to cities which is most likely to be increasing.</p> <p>The probability of this occurring during the investment timeframe is medium.</p> <p>This will have a low positive impact on our business case which will be beyond our control.</p>	<p>8 In this case a major consequential issue will be airline commercial viability which is most likely to be improving.</p> <p>The probability of this occurring during the investment timeframe is medium.</p> <p>This will have a high positive impact on our business case which will be within our control.</p>
4	<p>In this case a major consequential issue will be airport-city public transport which is most likely to be stable.</p> <p>The probability of this occurring during the investment timeframe is low.</p> <p>This will have a medium positive impact on our business case which will be beyond our control.</p>	<p>9 Another independent issue will be airport operations regulations which is most likely to be improving.</p> <p>The probability of this occurring during the investment timeframe is medium.</p> <p>This will have a low positive impact on our business case which will be beyond our control.</p>
5	<p>Another independent issue will be mandatory pilot retirement age which is most likely to be falling.</p> <p>The probability of this occurring during the investment timeframe is medium.</p> <p>This will have a medium negative impact on our business case which will be beyond our control.</p>	<p>10 In this case a major consequential issue will be airline cargo security which is most likely to be increasing.</p> <p>The probability of this occurring during the investment timeframe is high.</p> <p>This will have a low positive impact on our business case which will be within our control.</p>
6	<p>In this case a major consequential issue will be availability of airline pilots which is most likely to be declining.</p>	<p>Summary A combined risk factor for this set of related future events as per the Amplios Strategic Foresight Risk Index is, on a scale of -100 to +100, positive 10..</p>