

Media Release



Changi Airport Group Launches New Initiative to Grow with Partners

SINGAPORE, 25 November 2009 – Changi Airport Group (CAG) today announced the launch of the Changi Airport Growth Initiative (CAGi). This is a strategic programme designed to enhance CAG's partnership with airlines and other airport stakeholders to drive Singapore Changi Airport's growth. CAGi, which takes effect on 1 January 2010, replaces the existing Air Hub Development Fund (AHDF) programme which expires on 31 December 2009.

CAGi will support Changi Airport's long term growth by incentivising airlines and other airport partners (like ground handlers and freight forwarders) to boost passenger and cargo traffic at Changi, and to strengthen Changi's air traffic network. It is CAG's intention to move away from across-the-board measures towards more customised incentives.

Steps to recovery

After a difficult first half of the year, Changi Airport's recent air traffic indicators are pointing to nascent signs of recovery in air travel, in line with an improving global economy. Following nine months of decline in passenger numbers, Changi Airport started seeing a recovery in traffic in August 2009. For the three consecutive months of August, September and October 2009, the number of passengers handled by Changi grew 0.5%, 6.0% and 6.0% respectively on a year-on-year basis. Meanwhile, the number of weekly scheduled flights at Changi Airport hit a historical high of 4,880 as at 25 November 2009, up about 9% year-on-year.

Despite the challenging environment caused by the global downturn, CAG appreciates the continued support of its major airline partners, who have kept their presence at Changi Airport throughout the difficult months and helped maintain Changi's

connectivity to cities around the globe. Many airlines that have cut capacity are starting to reinstate their flights. In fact, the number of airlines that fly to Changi has gone up over the last year from 81 to 86 as at November 2009. The number of city links has also risen from 188 to 201 over the same period.

Growing together

With the initial signs of air traffic and economic recovery, the focus of CAGi will be to incentivise airlines and airport partners to grow their traffic volumes at Changi. Chief Executive Officer of Changi Airport Group, Mr Lee Seow Hiang, said, “While the priority of the AHDF in the past year was to provide urgent across-the-board cost relief, the key thrust of CAGi is to increasingly shift towards promoting growth – for both Changi Airport, as well as our partners. We recognise that for Changi to succeed, we have to work together with our airlines and other stakeholders, as strategic partners, to grow the pie.

“With CAGi, we will adopt a far more customised approach by using an effective and optimum mix of targeted and performance-based incentives. We believe that each of our airport partners faces different opportunities and challenges in a rapidly changing aviation environment. The one-size-fit-all approach is less effective and responsive to their needs. Our aim is therefore to work closely with each partner with differentiated measures to spur growth, support innovation and, ultimately, boost Changi Airport’s overall competitiveness.”

In line with CAG’s commitment to succeed with its partners, it will explore opportunities with partners to further develop their business at Changi. The initiatives could range from incentivising airlines to enhance Changi’s connectivity by starting routes to new destinations; helping new airlines start operations at Changi; rewarding passenger and cargo traffic growth; and supporting airline partners and ground handlers to enhance their product and service offerings at Changi.

Riding the recovery

Amidst the early signs of recovery, CAG is cognisant that its airline partners still face pressure on yields. Therefore, for 2010, CAG continues to provide across-the-board landing fee rebates to airlines and will scale back this cost relief measure in a graduated way in line with the economic recovery. CAG will provide a 15% landing fee rebate for the first six months of 2010 and a 10% rebate for the second half of next year. It will continue to monitor closely the recovery of the aviation industry.

Mr Lee said, “Even as the operating landscape improves, we are mindful that some airlines are still experiencing pressure on yields while the cargo and logistics sectors continue to face difficulties. It will take some time for the recovery in air travel to translate into positive financial impact for the aviation industry. Reflecting its more dynamic nature, CAGi will provide for specialised programmes to cater for passenger and cargo players in response to the different pace of recovery in these sectors. ”

“Changi Airport Group, too, will take some time to recover. In fact, CAGi is launched against the challenging backdrop of a two-year freeze on Changi’s aeronautical charges to provide our airline partners with greater certainty in their operating costs. Nonetheless, we take a longer term view in working with our partners; hence we are committed to maintaining and strengthening our partnership with airlines and airport partners through good times and bad. With CAGi, we will ride the recovery and achieve greater growth together,” he added.

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About Changi Airport Group

Changi Airport Group was formed on 1 July 2009 as a result of the corporatisation of Singapore Changi Airport. As the airport company managing Changi Airport, one of the world's best airports, Changi Airport Group undertakes operational functions focusing on airport operations and management, commercial activities and airport emergency services. Through its subsidiary Changi Airports International, the Group invests in and manages foreign airports to spread the success of Changi Airport far and wide.