



Investing for
Growth

Sep 14, 2012 15:32 +08

Changi Airport Group releases FY2011/12 Annual Report

Changi Airport Group (CAG) today released its annual report for the financial year ended 31 March 2012 (FY11/12). CAG closed the year, its third post-corporatisation, with a strong set of operating results, notwithstanding the uncertain global economic outlook and a challenging operating environment marked by high fuel prices, political uncertainties in the Middle East, and the earthquake which hit Japan in March 2011.

“During the financial year, CAG achieved breakthrough on both the aeronautical and non-aeronautical fronts, registering all-time highs for

passenger traffic and retail sales at Changi Airport. Together with our partners and the airport community, we strengthened our core capabilities and built on our fundamentals to develop a strong air hub, achieve robust commercial operations and deliver an award-winning airport experience,” said Mr Lee Seow Hiang, Chief Executive Officer of CAG.

In FY11/12, Changi Airport scaled a significant milestone with its handling of a record 48 million passenger movements, an increase of 12% compared to the previous year. Despite a slowing global economy, the Group’s efforts to grow new routes and increase flight frequencies – through closer collaboration with airlines partners and intensified marketing initiatives – came to fruition. Six new city links and four new airlines were added, augmenting Changi’s position as one of the world’s most connected air hubs. Passenger traffic growth remained healthy across all regions, in particular Asia-Pacific, led by double-digit growth in Southeast Asia and Northeast Asia.

Steady demand for air freight in the Asia Pacific region enabled Changi Airport to deliver a positive report card for its cargo operations during the financial year. Some 1.87 million tonnes of cargo were handled during FY11/12, an increase of 2.3% compared to the previous year. One of the 10 busiest international airfreight hubs in the world today. Changi has come a long way since its humble beginnings in 1981, when it handled only 180,000 tonnes of cargo.

On the non-aeronautical front, the Group turned in a sterling retail performance during the financial year, raising concession sales at Changi Airport by 19% to a record S\$1.75 billion – outstripping the growth in passenger traffic for the year. This places Changi firmly among the top four airports in the world in terms of annual retail sales turnover.

Beyond being driven by strong traffic numbers, Changi Airport’s robust retail performance in FY11/12 was attributable to several key strategic retail initiatives including the expansion of the retail footprint at Changi, a strong and relevant retail mix, effective promotions to stimulate sales, and close collaboration with concessionaires to achieve joint growth.

Continued focus on service excellence

As CAG scaled new heights in FY11/12, it kept a strong focus on delivering an

exceptional airport experience and further elevating the high service standards that passengers have come to recognise it for. During the year, CAG raised the bar at Changi Airport through various service initiatives such as the introduction of roving Changi Experience Agents (CEAs), and the Service Workforce Instant Feedback Transformation (SWIFT) system, which harnesses technology to improve feedback management and raise performance standards of service staff. These have enabled CAG to better understand passengers' sentiments, respond to their needs and address issues in a timely manner.

Reaping the results of these efforts, Changi Airport received a total of 26 Best Airport awards during the year, including the 'Best Airport in the World' by Business Traveller (UK) for the 24th consecutive year, and the inaugural Singapore Service Excellence Medallion, the most prestigious service award in the country – augmenting Changi's position as the world's most awarded airport.

Financial review

On the back of a strong operating performance, the CAG achieved a 64.1% year-on-year growth in net profit after tax to S\$553 million for FY11/12. Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose 50.7% to S\$930 million. This solid growth was driven by record revenue and bolstered by a well-managed operating cost base.

Revenue for the year grew 22.4%, to S\$1.78 billion, led by double-digit growth in income from airport services and concession sales. Operating expenses were S\$1.12 billion, representing a marginal year-on-year increase of 5.9%. The increase was mainly attributed to higher depreciation and increased manpower costs to support growth and operations.

Mr Lee said, "CAG continued to grow strongly in FY11/12. The pivotal role that our partners play in shaping the success of Changi cannot be over-emphasised. Changi Airport's accomplishments for the year would not have been possible without the support and close-knit partnerships that we share with government agencies, airlines, ground handling companies, concessionaires and many other partners at the airport. We thank them for their contribution and remarkable support."

Investing for the future

Going forward, as CAG continues to pursue growth, one of its key priorities is to ensure that there is adequate and appropriate infrastructure at Changi Airport to cater for the future – such that it can meet growing air travel demand and the changing needs of airlines and air travellers. To achieve these objectives, the Group will invest some S\$2 billion over the next five years on various infrastructure projects.

“Planning ahead for our capacity needs is a fundamental part of ensuring Changi Airport’s continued growth in the long term, as we aspire to reach greater heights. To this end, we have started the planning process for two major development projects – the development of Terminal 4 and the expansion of Terminal 1 – both of which will expand Changi’s handling capacity and widen our range of offerings. These will put us in good stead to cater to longer-term traffic growth and capture greater tourism mindshare, ultimately, to strengthen Singapore’s position as a global air hub,” said Mr Lee.

CAG’s FY11/12 annual report can be found at

www.changiairportgroup.com/cag/html/media-centre/publications.html

About Changi Airport Group

Changi Airport Group (Singapore) Pte Ltd (CAG) (www.changiairportgroup.com) was formed on 16 June 2009 and the corporatisation of Singapore Changi Airport followed on 1 July 2009. As the company managing Changi Airport, CAG undertakes key functions focusing on airport operations and management, air hub development, 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 internationally.

Changi Airport (www.changiairport.com) is the world’s most awarded airport having garnered more than 400 accolades since it opened in 1981. To serve passengers and visitors from the world over, there are 360 retail stores and 130 F&B outlets across the airport’s four terminals. Changi handled more than 46 million passenger movements in 2011, an annual record. Today, it serves some 100 airlines flying to over 220 cities in about 60 countries and territories worldwide. A flight takes off or lands at Changi roughly once every 100 seconds.