

CHANGI AIRPORT GROUP'S WHOLLY-OWNED SUBSIDIARY, CHANGI AIRPORTS INTERNATIONAL, AUTHORISES THE APPLICATION OF A RE-AUCTION FOR THE CONCESSION OF TOM JOBIM INTERNATIONAL AIRPORT IN BRAZIL

Changi Airports International (CAI), the majority shareholder of the operator of Tom Jobim International Airport (GIG) in Rio de Janeiro, has authorised the airport's manager Concessionária Aeroporto Rio de Janeiro (RIOgaleão) to file for a re-auction of the concession. The current concession, which was awarded in November 2013, is for a 25-year term till 2039.

RIOgaleão has submitted the re-auction application on 10 February 2022 (Brazil time) to the regulator National Civil Aviation Agency of Brazil (ANAC). The application is subject to the approval of ANAC, the Ministry of Infrastructure, Investment Partnership Program Council and the President of Brazil. Once approved, following current legislation, a new operator will be defined in an auction structured and launched by the Federal Government.

Until the end of this process, RIOgaleão remains responsible for operating the airport, and will continue to uphold the safety and quality standards in the airport operation. It will also honour the commitments to and contracts with employees, creditors, tenants and suppliers until the end of its tenure at GIG.

Following its takeover of the airport's operations in 2014, RIOgaleão expanded the airport's capacity and enhanced its operations. The revamp, which saw the addition of a new pier and service enhancements, was completed in record time for the 2016 Olympic Games held in Rio de Janeiro.

However, when the Covid-19 pandemic hit in 2020, the Brazilian air sector which was recovering from an economic recession saw a 90% drop in flights. Brazil had suffered from a deep economic recession from 2014 to early 2016, when GDP shrank by approximately 3.5% per annum over two consecutive years. Post-recession economic growth was also weak due to a drop in global demand for commodities. Total aviation passenger traffic in Brazil dropped by about 7% during the recession and had barely recovered to the 2013 level, when Covid-19 became a health crisis and further weakened the airport's operating conditions. In 2020 and 2021, the Brazilian Government acted diligently in supporting the civil aviation sector. The recovery has, however, been slow and Covid-19 will continue to affect the aviation industry for years to come.

Mr. Eugene Gan, Chief Executive Officer of CAI, said: "GIG's operating conditions today have changed drastically since 2013. The country's deep economic recession, coupled with the global Covid-19 pandemic that has decimated travel demand, has made it untenable for the concession to continue under the existing terms of agreement. With the strong foundation of quality airport services that RIOgaleão has put in place under CAI's



stewardship over the years, we believe GIG can benefit from a re-auction for sustainable operations in the long run.”

GIG played host airport to the 2016 Olympic Games, with major enhancements to its commercial offerings, including new lounges and the introduction of Brazil’s first walk-through duty-free stores. The airport was widely recognised by travellers and media for its efficient airport operations and service quality.

The airport’s operational excellence was also recognised by the regulator, the National Civil Aviation Agency of Brazil, and industry players. It achieved top scores in annual operational and passenger service surveys and bagged numerous awards from aviation accreditation firms such as OAG, Skytrax, and Airports Council International. During the pandemic, the airport was also the first airport in Brazil to win the World Travel & Tourism Council’s seal for its measures to protect the safety of passengers and the airport community amid the global health crisis.

Under CAI’s stewardship, GIG has also made significant headway in its cargo operations. In 2017, it became the first airport in South America to achieve the IATA CEIV Pharma¹ for its cargo operations. This positioned GIG as an important logistics partner in the pharmaceutical supply chain, and a main port of entry for pharmaceutical products in Latin America. The airport went on to launch a first-of-its-kind grade ‘A’ logistics warehouse that handles import and export logistics in one place, with a higher level of security and shorter processing time, further cementing its position as a key cargo hub. By 2019, GIG had significantly increased its share of the market for imported goods bound for the state of Rio de Janeiro, compared to 67% in 2013, before privatisation.

CAI owns 51% of RIOgaleão. The remaining 49% is held by the country’s state-owned airport operator, Infraero

The investment in GIG had been substantially impaired in the last two years with the severe restrictions of international air-travel amidst the Covid-19 pandemic. The Group will perform an updated impairment review of the investment for the financial year ending 31 March 2022, which will take into consideration, inter alia, estimated cash flows over an expected period of completing the process of re-auction. Based on currently available information, the filing for a re-auction by RIOgaleão is not expected to result in any material financial impact for the Group for the financial year ending 31 March 2022.

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¹ International Air Transport Association Centre of Excellence for Independent Validators Certification for Pharmaceutical Handling



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