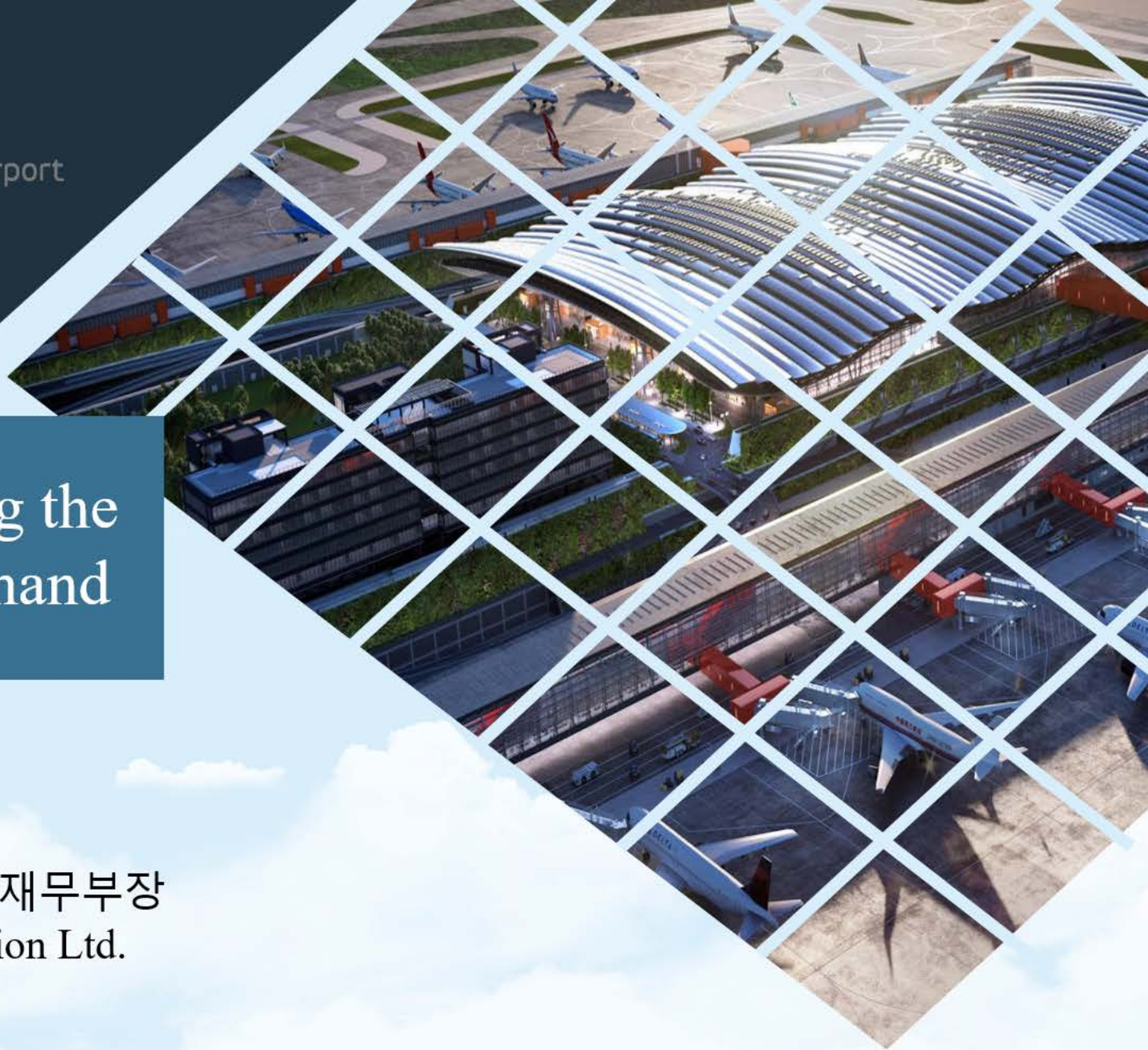




Taoyuan
International Airport
桃園國際機場



The experience of restructuring the airport charges to increase demand

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Taoyuan International Airport Corporation Ltd.
타오위엔국제공항

November 2019, Incheon



Agenda



Background



Key Restructure Concepts for Charges



New Charges Scheme

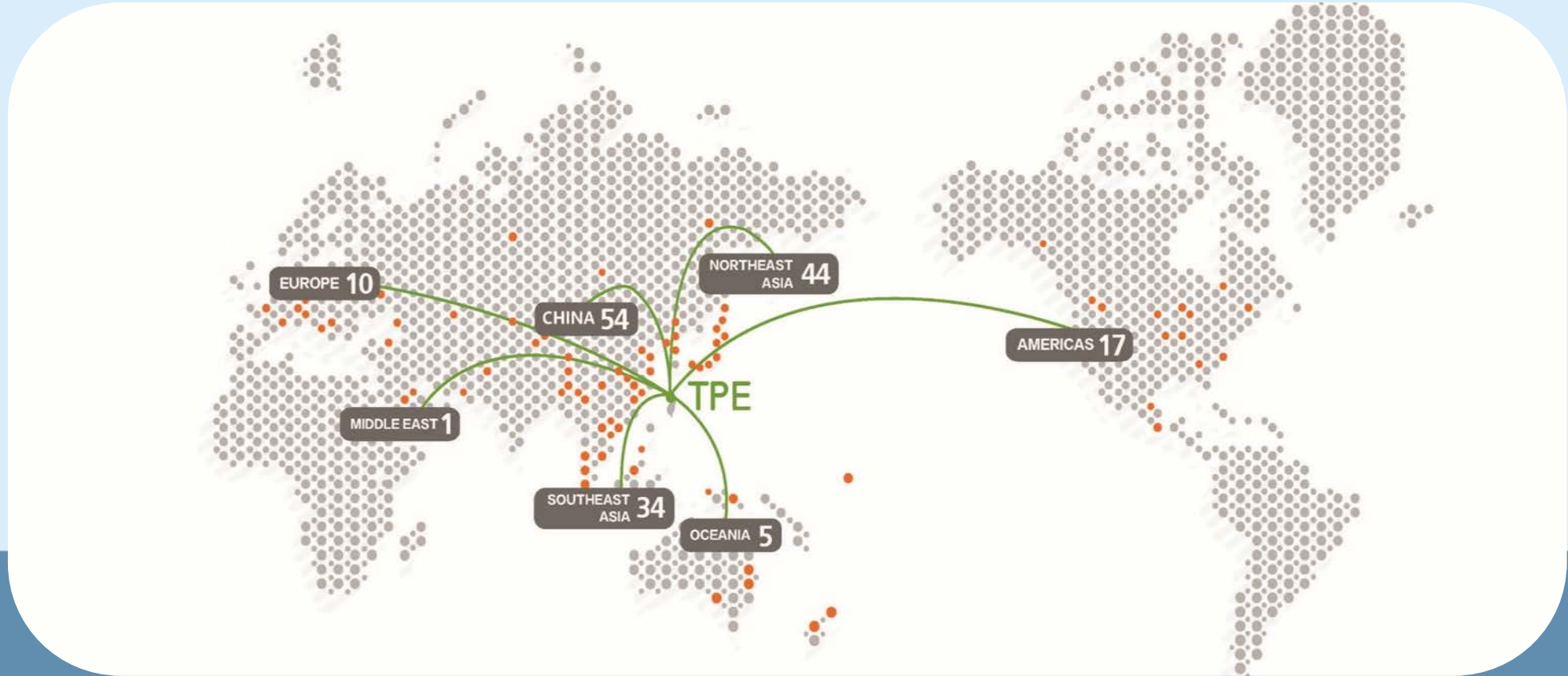


Incentive programs



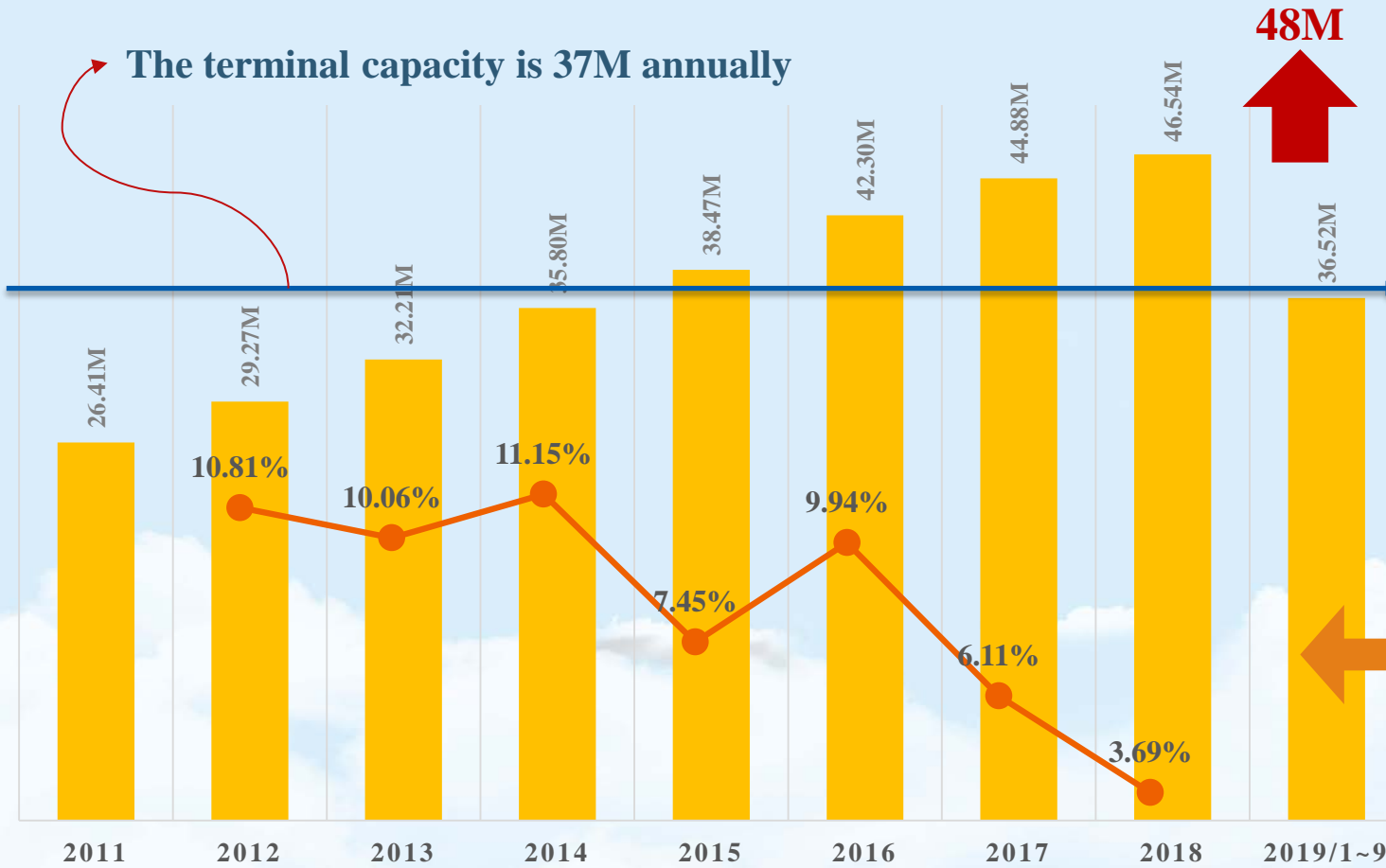


About Taoyuan International Airport



- Taoyuan International Airport (IATA: TPE, ICAO: RCTP) is the largest airport of Taiwan.
- With a strategic location connecting Asia to the world and strong network to secondary cities in China and Japan

2011-2019 SEP Passenger Traffic

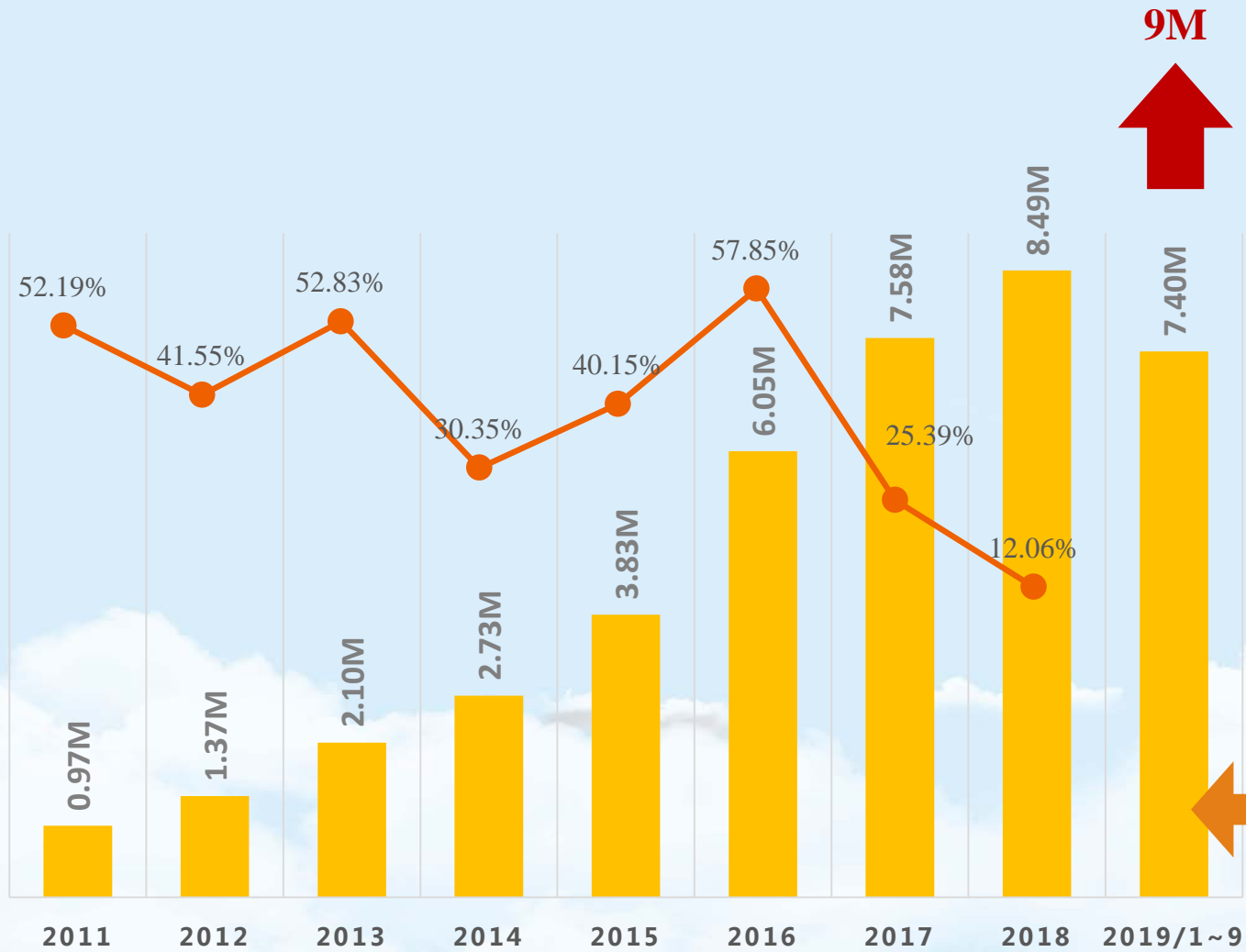


8.43%
7-year CAGR

A gradual decrease in growth rate has been projected due to airport capacity constraints.

Source: TIA, 2019

2011-2019 SEP LCC Traffic



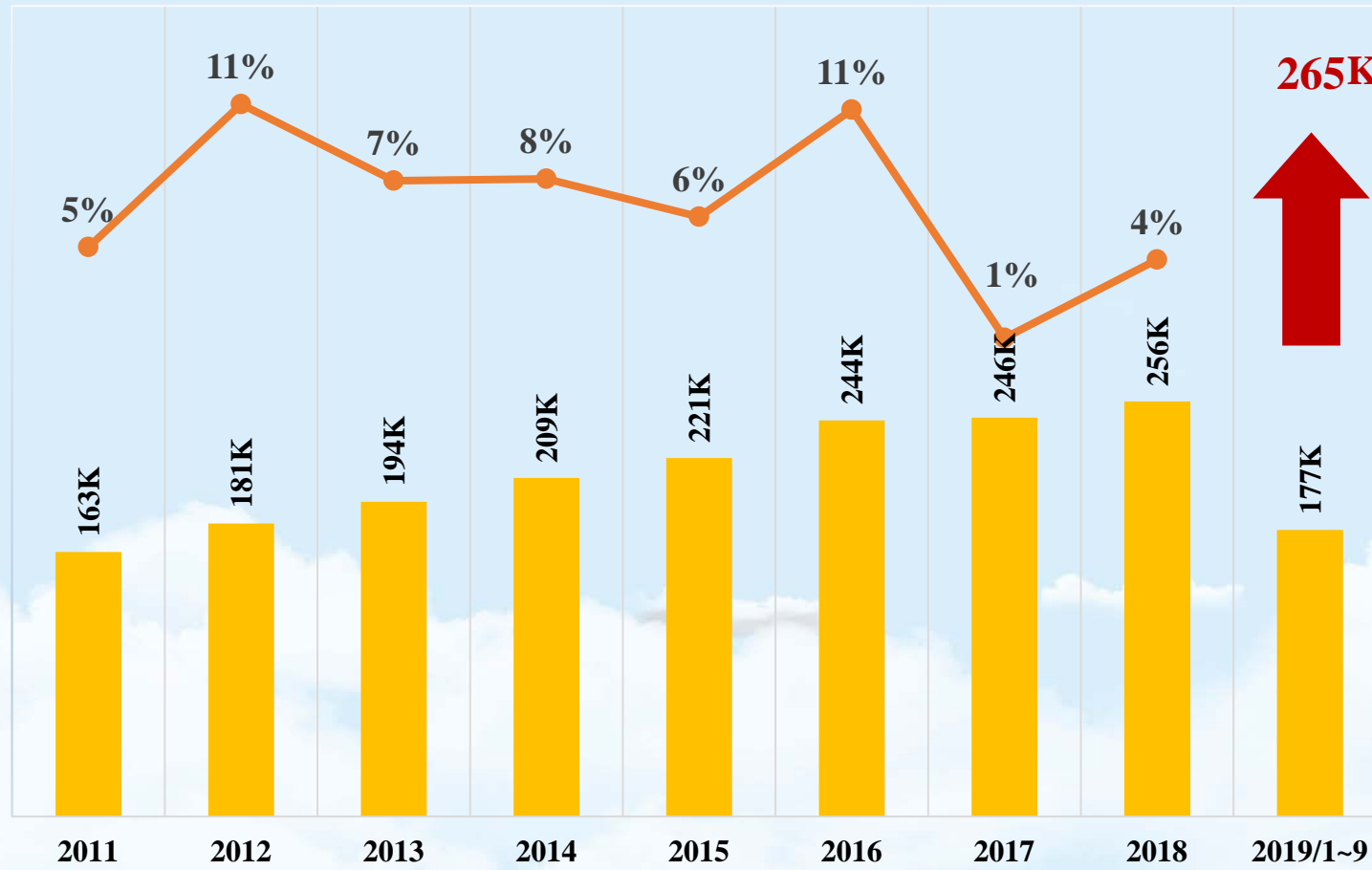
36.4%
7-year CAGR

LCC traffic has reached double-digit growth rate in the past 8 years.

Among 23 LCC, 54% traffic is from North East Asia and 41% traffic is from South East Asia.

Source: TIA, 2019

2011-2019 SEP Aircraft movements



6.65%
7-year CAGR

A gradual decrease in growth rate has been projected due to airport capacity constraints.

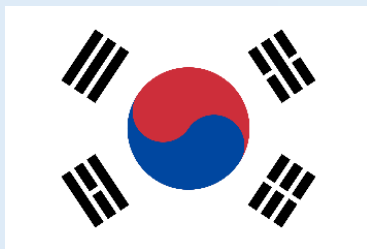
Source: TIA, 2019

TPE Traffic Market Share by Region

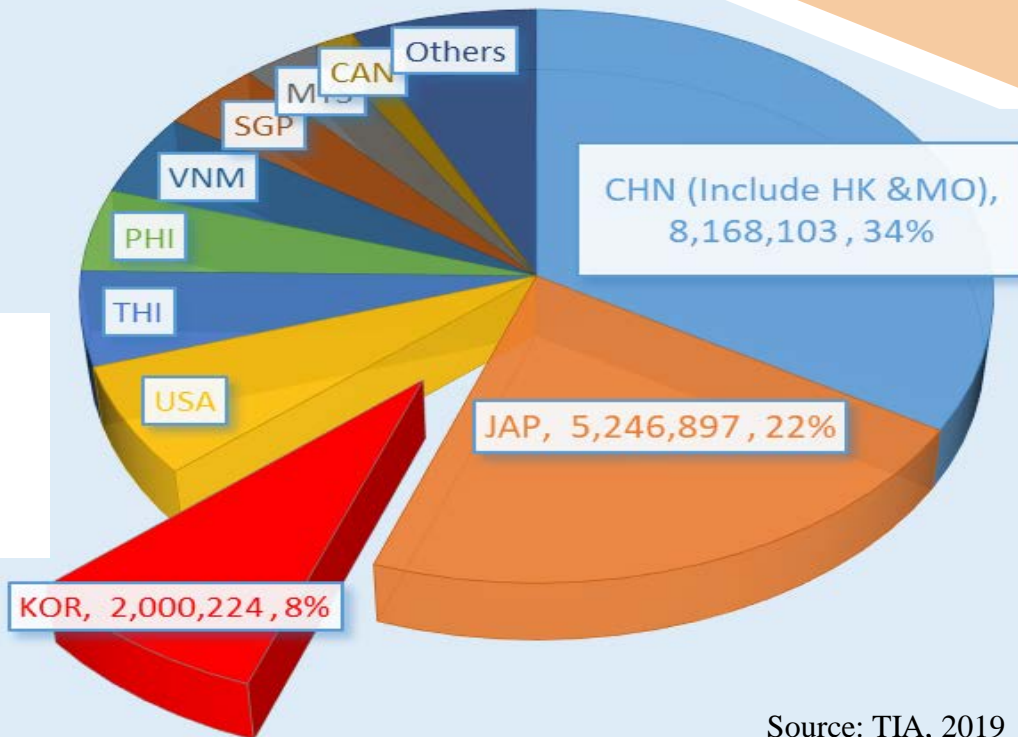


윽택연 is the endorser for Taiwan tourism in 2019

Grandpas Over Flowers



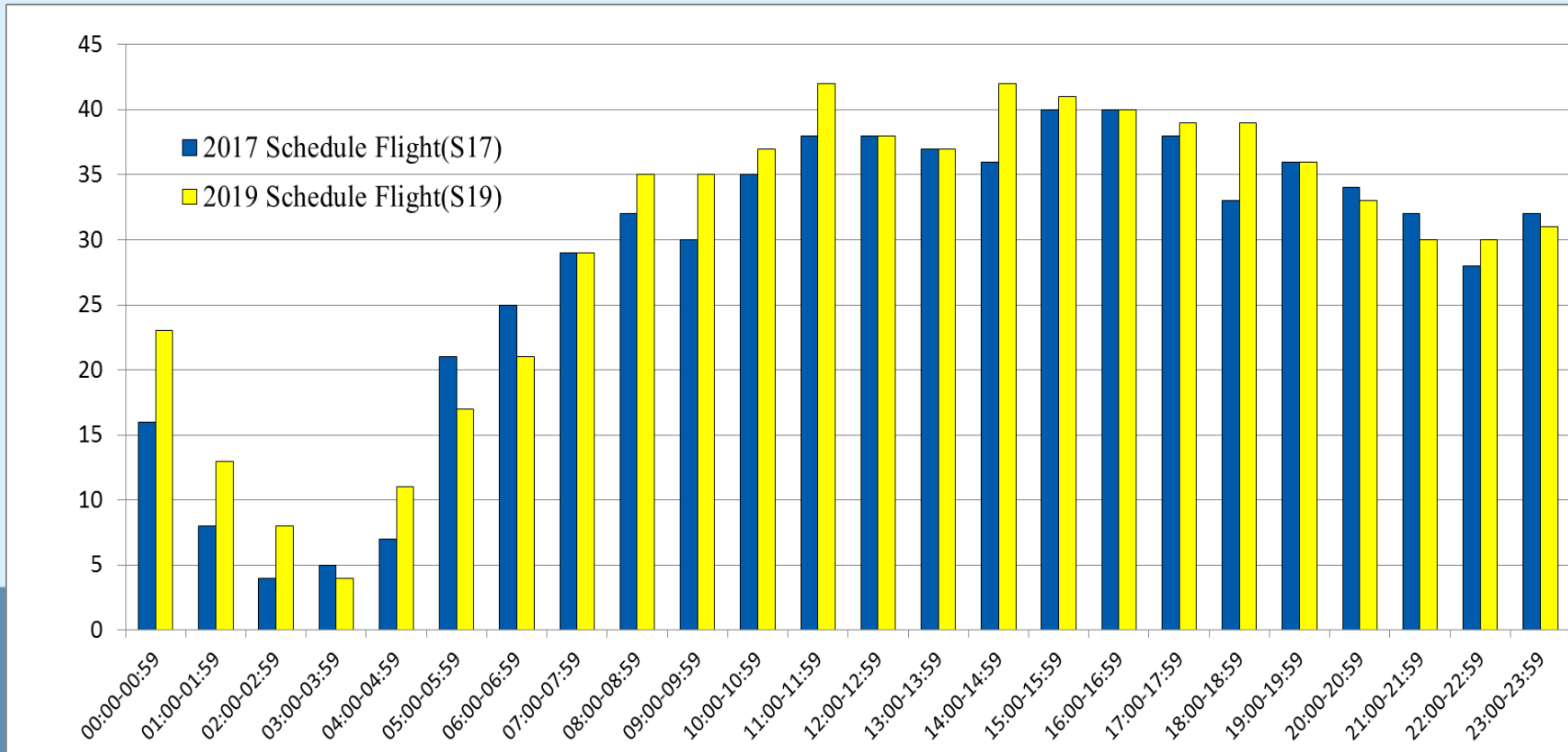
No.3



Source: TIA, 2019



Congested Taoyuan Airport Time Slot



Capacity of 50 movements per hour and 90 movements in 2 consecutive hours.

Taoyuan Airport-Level 3 airport by Worldwide Slot Guidelines

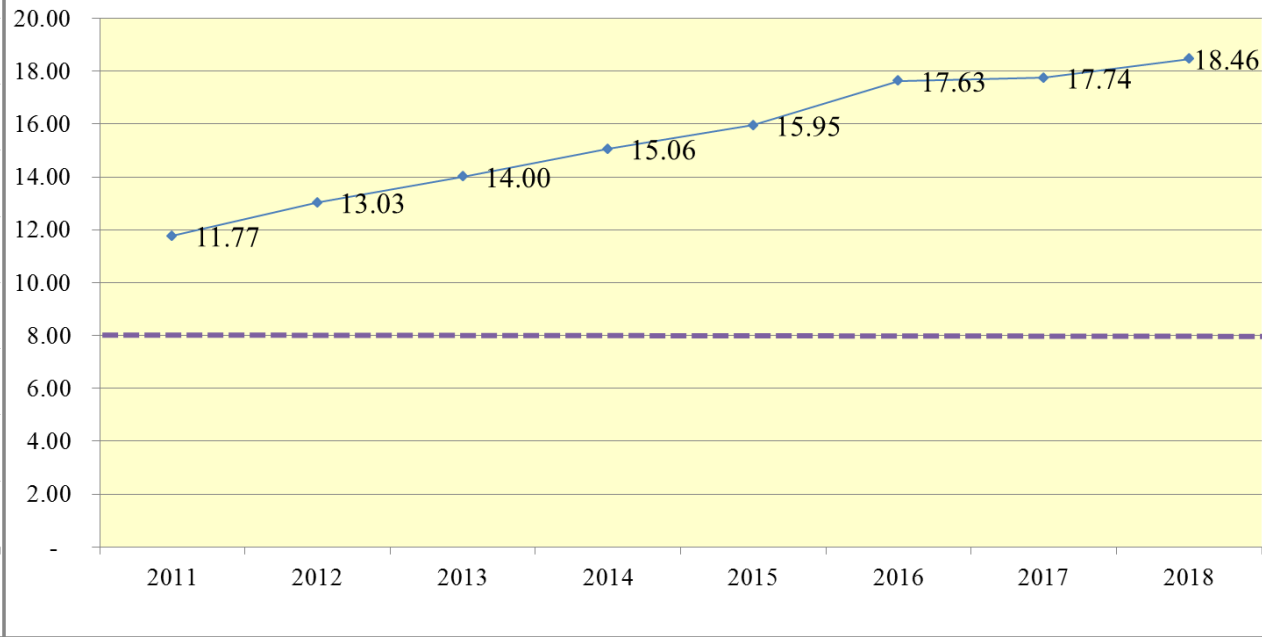
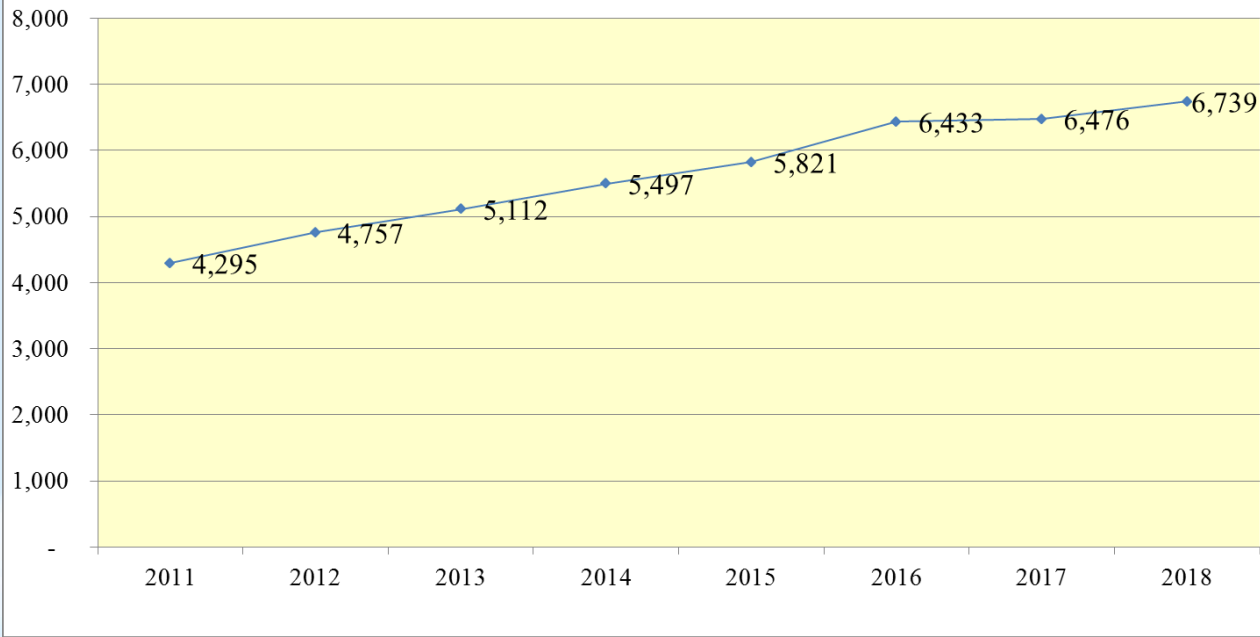
- a) Demand for airport infrastructure significantly exceeds the airport’s capacity during the relevant period;
- b) Expansion of airport infrastructure to meet demand is not possible in the short term

Crowded Boarding Gates

7.80%
7-year
CAGR

Annual Aircraft Movements per Gate

Daily Aircraft Movements per Gate

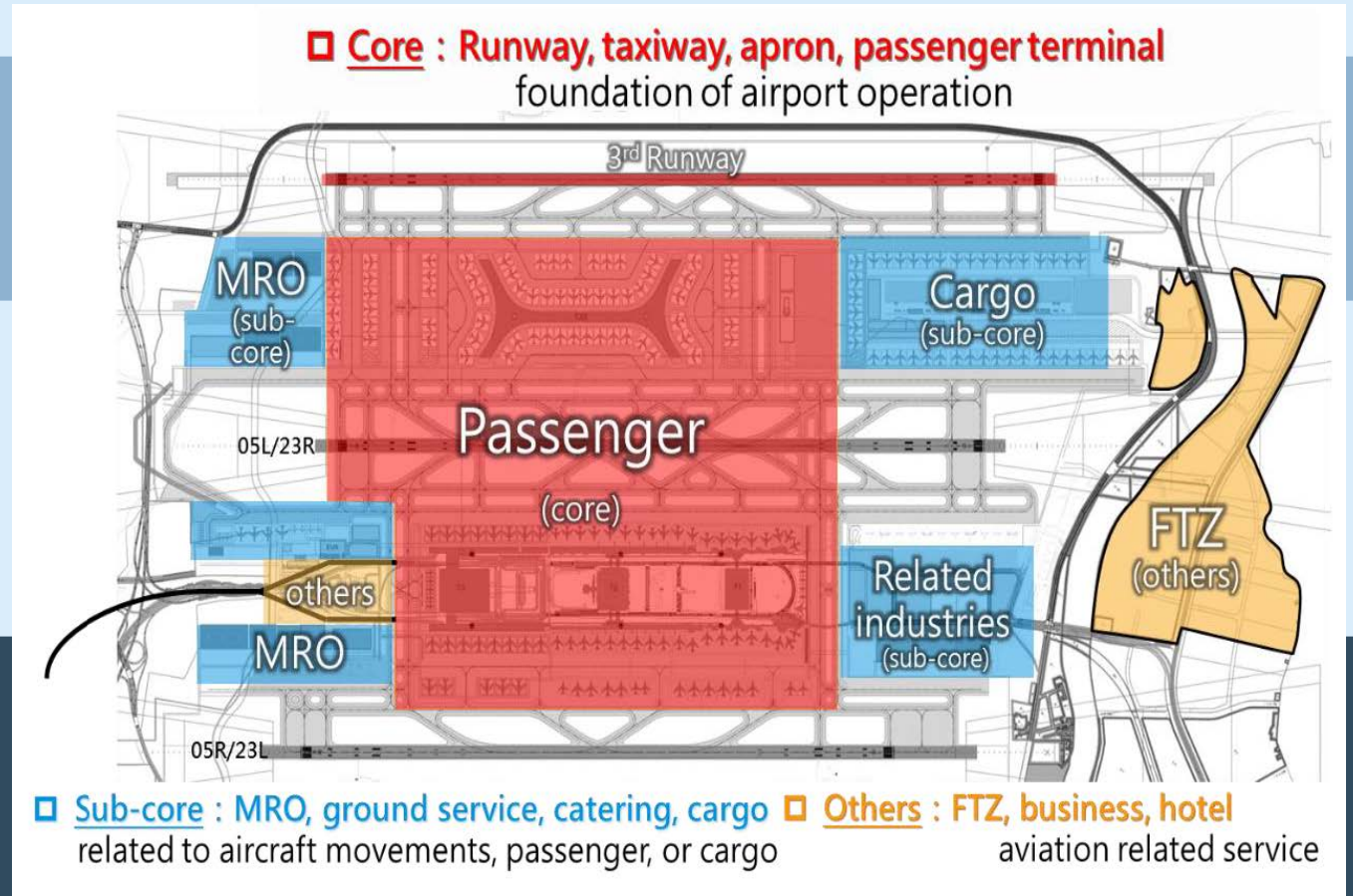




Taoyuan Airport Development & Expansion



Future CAPEX for Airport Expansion is more than NT\$220 billion (USD\$7 billion).



Key restructure concepts of Airport charges

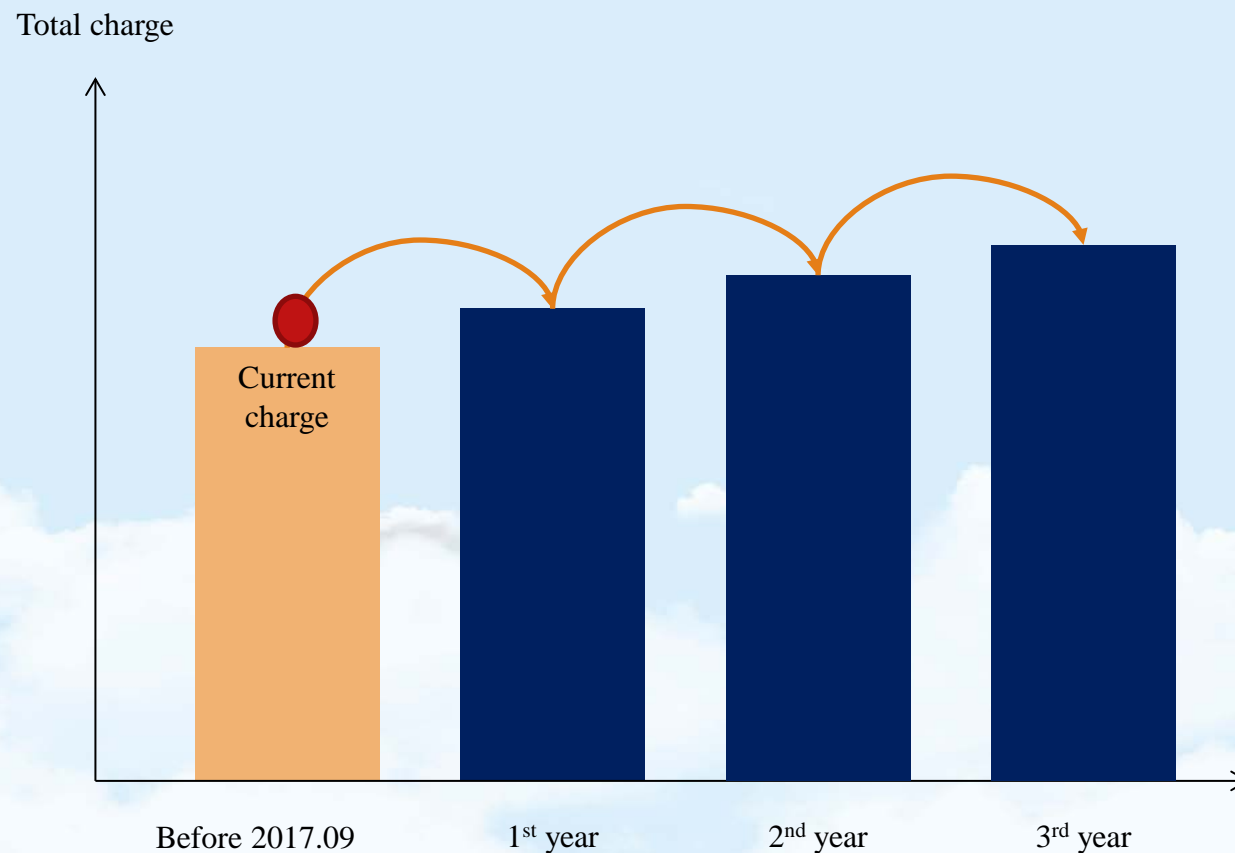
Airport Financial Management





Take a gradual adjustment

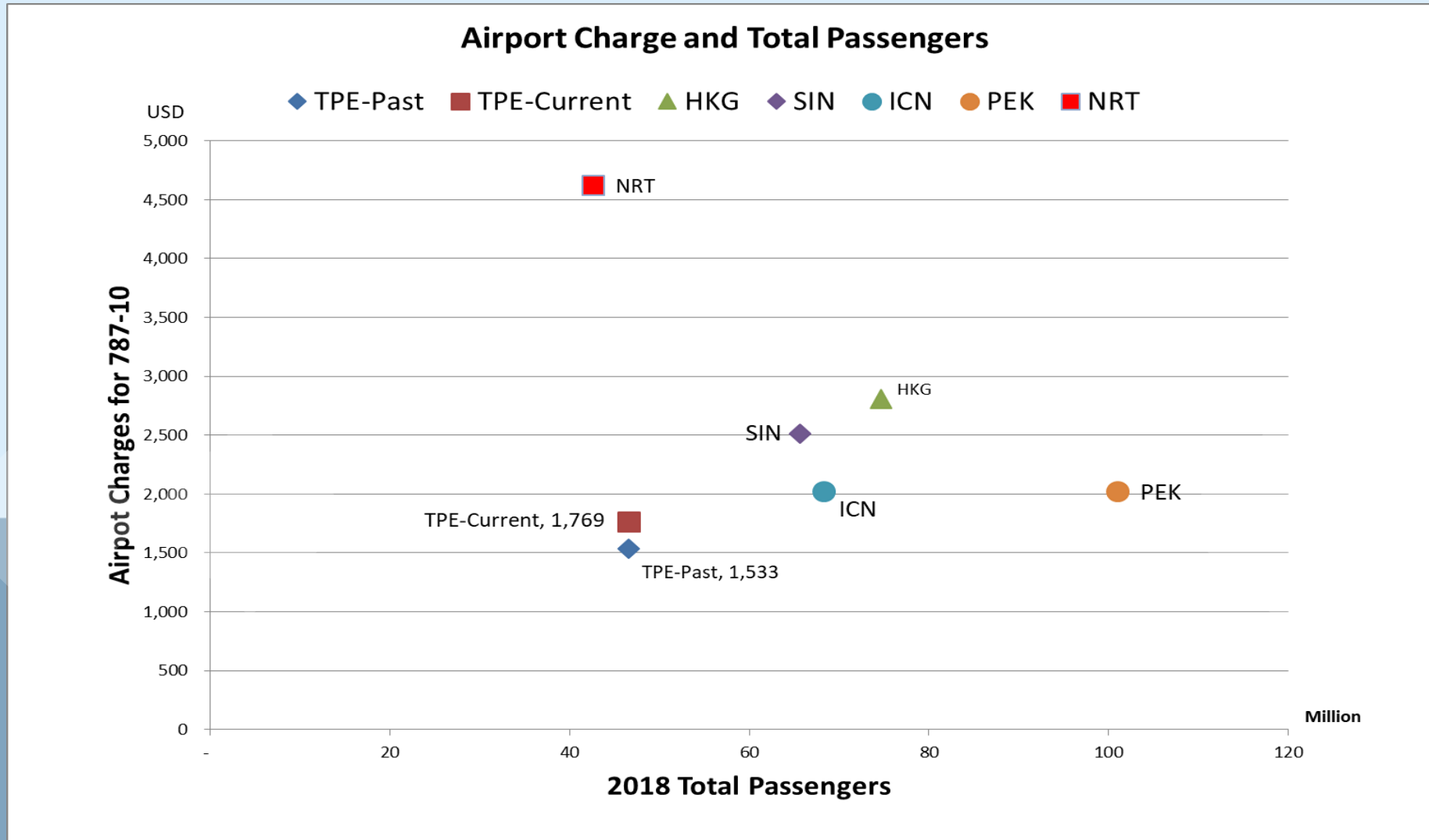
To reduce the impact of airlines, TIAC adopts gradually adjustment method by discounting the new rates.



※Total charge includes landing charge, parking charge, boarding bridge charge and baggage charge only.



Airport charges Comparisons



*parking 2 hours



Consolidation of Airport charges

8 items to 4 items



Past scheme		Current scheme	
No.	Charges	No.	Charges
1	Landing Charge	1	Landing Charge
2	Parking Charge	2	Parking Charge
3	Terminal Building Service Charge		
4	Ground Handling Area and Facilities Charge	3	Boarding Bridge Charge
5	Boarding Bridge Charge		
6	GPU Charge		
7	Air Conditioner Charge	4	Baggage Charge
8	Automatic Baggage Handling System Fee		



Landing Charges



Before

MTOW	Rate(NTD/Per ton)
<50,000 kg	98.4
50,001~150,000 kg	123
150,001~250,000 kg	137.4
>250,001 kg	148.8

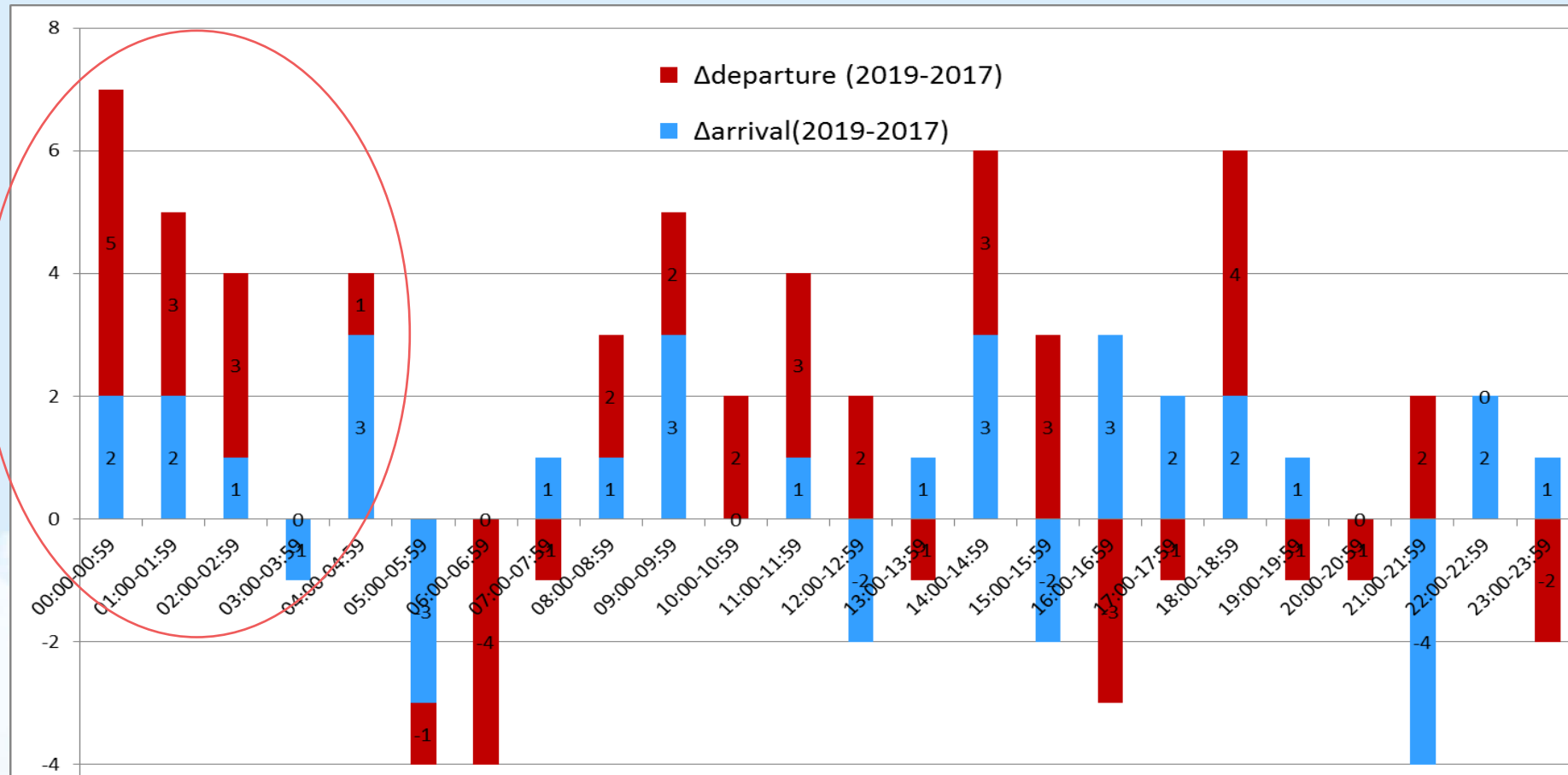
- ◆ **Peak hours Congested**
- ◆ **Code C Aircrafts continuously increases**
- ◆ **No Minimum Charges**
- ◆ **Runway system OPEX increases**

Current

MTOW	Rate(NTD/Per ton)
Per ton	180

- ◆ **Single Rate for all MTOW**
- ◆ **Setup Minimum Charges**
Aircraft less than 50,000kgs (MTOW) will be levied as 50,000kgs.
- ◆ **Provide Off-Peak Discount**
Aircraft arriving and departing between local time 0:00 and 04:59 a.m. (same day) will be given a 50% discount of landing charge.

Off Peak Schedule Aircraft Movements Increase





Parking Charges

Before

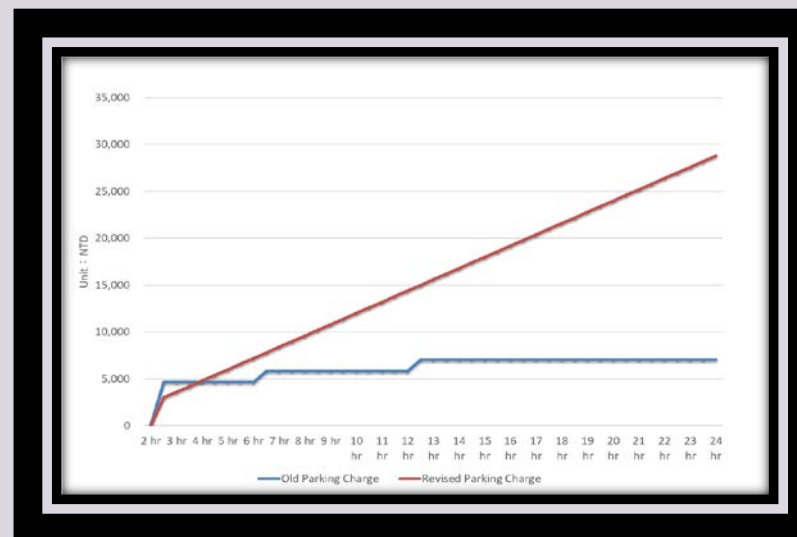
Assessment Unit		Rates(NTD/Per ton)	
		<100,000 kg	>100,001 kg
Parking Time	<2 hr	Free	Free
	2~6 hr	28	15
	6~12 hr	35	19
	12~24 hr	42	23

Current

Type of Aircraft stands		Rates (NTD/Per aircraft)
Per 30 minutes	Terminal	600
	Remote	450
	Cargo and others	400

Aircraft parking within 2 hours is free; parking over 2 hours will be charged with full parking time. Each or subsequent parking time less than 30 minutes will be charged as 30 minutes.

Setting 30 minutes as the parking charge basis to increase the price sensitivity to parking time, and **increase the turnover rate of the aprons usage.**





Boarding bridge Charges , GPU and PCA Charges

Aerobridge related items as a whole with lower rate to promote the usage of GPU and Pre-conditioned air supplier, which can result in less carbon emission.

Past Charges Scheme			Current Charges Scheme		
No.	Charges	Basis	No.	Charges	Basis
1	Boarding Bridge Charge	Seats and usage	1	Boarding Bridge Charge	Number of seats
2	GPU Charge	Single/Dual outlet			
3	Air Conditioner Charge	Single/Dual outlet			



Airport Carbon reduction

Offsetting one tone of CO2 delivers a further US\$664 in economic, social and environmental benefits for communities around the world (Source: ICROA)



GPU, Pre Condition Air

+75.8% (YoY)



-10K tons



-32K tons



Economic, Social & Environment Benefits

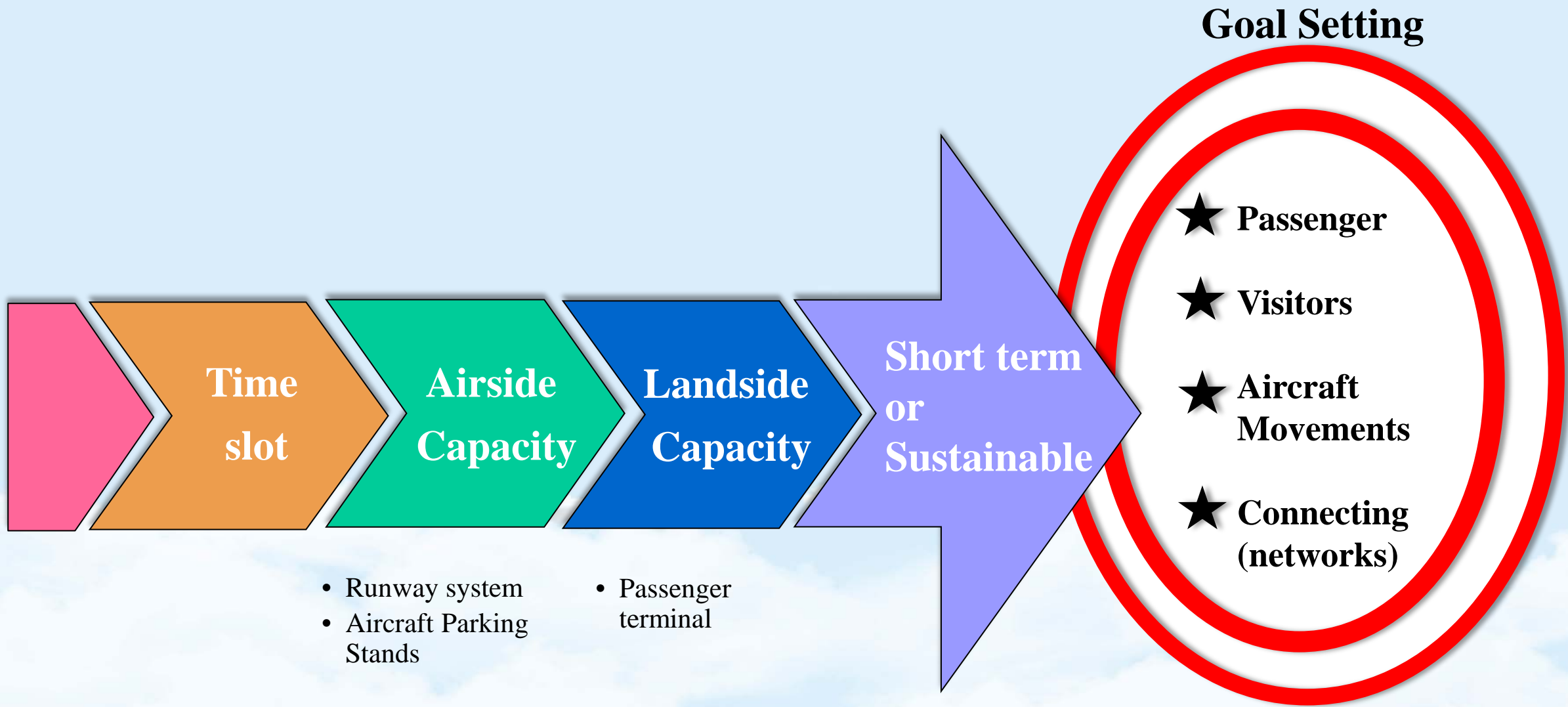
US\$21Million



TPE Airside Vehicle Charging is now Free for Charge



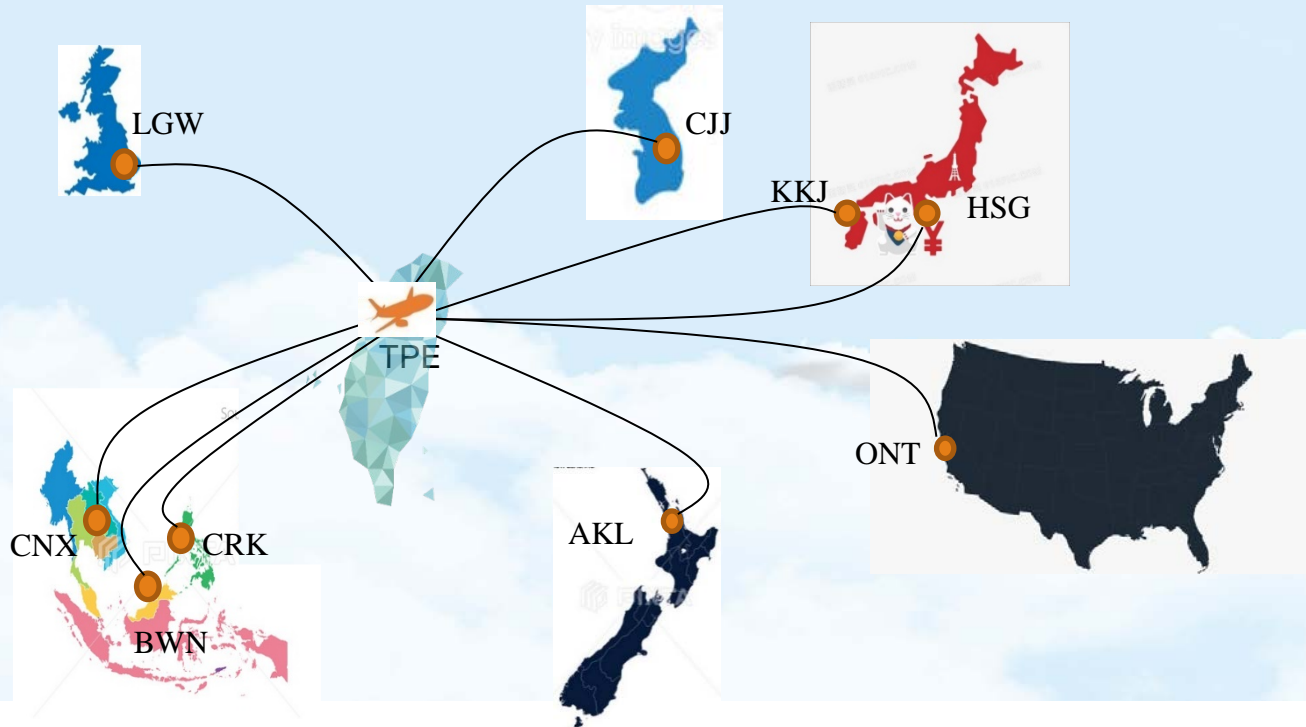
Considerations for Incentive Programs



Incentive programs

New destination incentive program

In 2019, for the new destination flights, there are 50% discount for the 1st year, 30% discount for the 2nd year, and 20% discount for the 3rd year on Landing Charges



Marketing & Events support program

New airline operates in TIAC will obtain one-time FREE marketing exposure in TIAC social media and inaugural flight events support.



THANK YOU

감사합니다

Mingfong Tsao

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