

**Press Release**  
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**MEGAWIDE GMR offers an alternative solution to NAIA congestion**

*Aligned with the government strategy to develop a sustainable multi-airport system, the partners behind the development of Mactan-Cebu Airport have submitted a proposal that will maximize the airside and terminal capacities of a highly constrained NAIA.*

**Metro Manila, Philippines** – Today, MEGAWIDE and GMR submitted a proposal for the decongestion and rehabilitation of the Ninoy Aquino International Airport (NAIA) that addressed a vital issue for the country’s main gateway: capacity. According to consortium representatives, the proposal is aligned with the government’s strategy to develop a sustainable multi-airport system in the Philippines.

“As an experienced private operator, we have a deep understanding of the problem experienced by NAIA and we would like offer our take on the solution,” said Louie Ferrer, one of the consortium’s authorized representatives. “Our team has transformed Delhi International Airport, previously one of the world’s worst airports, into one that is consistently named among top five best airports of the world. We have also transformed Mactan-Cebu International Airport, one of the Philippines’ previously overlooked airports, into the 2016 Best Regional Airport in Asia Pacific. We hope to contribute our knowledge from these projects to the development of our country’s main gateway,” he said.

“It is vital to immediately decongest NAIA and maximize its potential in order to sustainably support the air traffic needs of the greater capital region,” he explained. “A solution is urgently needed, which we in the private sector are willing to support and provide.”

**NAIA’s main problem: limited airside capacity**

The GMR MEGAWIDE proposal is anchored on resolving what they perceive as the main issue faced by NAIA: capacity. “NAIA’s most critical constraint is the limited airfield capacity, which limits its capability to accommodate more flights. It also has a reduced ability to control delays related to aircraft movement, thereby worsening terminal congestion,” said Ferrer.

GMR MEGAWIDE explained that their proposal prioritizes airfield capacity development while simultaneously enhancing terminal comfort and efficiency. “This is a technically responsive proposal. We have evaluated multiple options to enhance NAIA’s capacity and efficiency while reducing airside and landside congestion,” said Ferrer.

Andrew Harrison, another authorized consortium representative, further explained the highlights of the GMR MEGAWIDE proposal. “Our detailed masterplan takes into account all possible constraints in transforming a fully operational brownfield airport. It aims to maintain the high service levels expected of a world-class airport for the next 18 years,” he explained.

### **The Proposal**

The GMR MEGAWIDE proposal is valued at US \$3 Billion. The investment includes all airside, terminal, and landside improvements. It is divided into three main phases:

#### **Phase 1a (Year 1-2)**

Improving NAIA airside capacity and implementing terminal improvements

#### **Phase 1b (Year 3-4)**

Taking NAIA to world-class efficiency standards by introducing key performance measures

#### **Phase 1c (Year 5-6)**

Building future capacity

#### *Immediate: Phase 1a (Year 1-2)*

Immediately upon takeover, GMR MEGAWIDE will initiate capacity enhancement of the airside infrastructure, which includes but is not limited to:

- Construction of full-length parallel taxiways for both runways
- Construction of additional Rapid-Exit Taxiways (RETs) for the primary runway
- Extension of the secondary runway
- Provision of the maximum number of aircraft stands.

GMR MEGAWIDE believes these solutions will increase **airfield capacity to 950-1000 aircraft movements/day**, a 30-35% increase from the current approximate of 730 aircraft movements/day. For peak hours, the consortium will increase NAIA’s **peak hour aircraft handling capacity by 50%, from 40 to 60**.

Within 24 months of taking over operations, the consortium will also rehabilitate and expand the existing terminals, which will roughly double the space and result in over 700,000 sq. m. of terminal area. “At this stage of the proposal, our focus is to further improve passenger experience,” Harrison explained. “We want to deliver an optimum level of service that adheres to standards set by the International Air Transport Association (IATA). These are the standards maintained at most world class airports.”

Once completed, both the airside facilities and the terminals shall be able to handle a total **annual throughput of 72 million passengers**.

### *The Concession Period*

GMR MEGAWIDE proposes a shorter concession term of 18 years. “This concession period is unprecedented in airport PPP projects of this size across the world,” Ferrer acknowledged. “However, we believe that such a concession term will balance two very important objectives: providing flexibility and time for the government to refine multi-airport system strategy while addressing NAIA’s immediate problems.

### *Proposal Terms*

The consortium has proposed the following terms within the 18-year concession period:

- GMR MEGAWIDE proposes to pay the government annual concession fees, which entails a revenue share with a guaranteed minimum revenue component.
- In full compliance with the BOT Law, the proposal does not entail any subsidy, equity or guarantee from the government or any concerned entity such as the Department of Transportation.
- At the end of concession term, all assets will be handed over to the government absolutely free of cost.

### **A Third Runway for NAIA?**

The representatives disclosed that they did consider the option of adding a third runway. “It was the DOTr who initially asked us to look into enhancing the capacity of NAIA,” said Harrison. “Part of our response was to study the option of adding additional runways.”

“We assessed the third runway solution in line with the standards set by the International Civil Aviation Organization (ICAO) and the Civil Aviation Authority of the Philippines (CAAP). However, the operational challenges associated with having an additional runway make this solution unviable.”

The consortium enumerated the following reasons:

- A dependent runway would only add marginal capacity increase. In order to deliver real value, any runway consideration would have to be for an independent runway. This is in order for the additional runway to deliver the full capacity of a stand-alone runway.
- Given the land constraints surrounding NAIA, any additional runway would have to be built on reclaimed land in the Manila Bay.

- If a runway is built in the Manila Bay, then a complex network of taxiways would have to be built to connect the new runway to the terminals. This would lead to very long taxiing times and distances, as evidence in the newest runway at Amsterdam Schiphol, for which aircraft have to taxi a distance of 7kms to/from the terminal taking approximately 25 minutes to do so.
- Alternatively, to support a runway being built in the bay, an airside midfield terminal could be built to serve that runway. However, it would have to be connected to the main terminal by an underground train; not only that, all check-in and security processing would still have to be done in the main terminal. This will create further congestion.
- The Approach, Departure and Missed Approach procedures for any new runway would conflict with the same procedures on the existing two runways. As an effect, it will reduce the capacity of the existing runways. The net benefit of a new runway would therefore be marginal.
- This conflict of Approach, Departure and Missed Approach procedures would effectively render one runway unusable so effectively, this means there is no real capacity gain associated with a new runway built in bay area.

Harrison concluded, “It is our belief that the key to unlocking NAIA’s full potential is to optimize the efficiency of the existing airside infrastructure, which will add up to 50% more movements for NAIA.”

### **The Technical Partner**

Choosing to maximize NAIA’s existing airside facilities led the consortium to engage the services of the leading American authority on research and development, whose work supports the American Federal Aviation Administration: the MITRE Corporation. In partnership with government clients, MITRE addresses public interest issues of critical importance, combining system engineering and information technology to develop innovative and actionable solutions that make a difference.

“MITRE has decades of experience in studying and maximizing aircraft handling capacities at cross-runway airports, which are common in the United States and similar to NAIA,” states Harrison. “They are the world’s foremost expert in maximizing aircraft handling capabilities. They have agreed to deploy their unique and proprietary skills for NAIA and their knowledge can possibly benefit the entire Philippine aviation sector.”

“We hope for MITRE to work directly with CAAP in a partnership framework to identify and deploy the best possible air traffic management solution for NAIA.” Harrison says the consortium will bear the cost of this engagement.

### **Offering an alternative solution to the NAIA problem**

Ferrer and Harrison revealed that the consortium began studying a proposal for NAIA as early as three years ago. “Our motivation came from the government. They were direct about their plans to upgrade the Philippine airport system. They also created an encouraging environment where anyone with viable solutions can come forward and contribute,” said Ferrer.

“This proposal is simply our take on the crucial and longstanding problem of NAIA. Within the first four years of takeover, which may even be before the President concludes his term, we want to have solved NAIA’s main problem of capacity. The key is to ensure quick turnaround times and a more efficient use of resources, such as the existing runways.”

Ferrer’s comments on the ‘celebrity status’ of this project are candid. “People have already asked us what we think our fighting chances are in this project. But the truth is, we are not here to fight. The technical proposals that have been and might still be submitted are distinctively different. The government and the people can choose which among these proposals best fit their requirements. We believe we have a good chance because we have a comprehensive and technically-responsive proposal.” #

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### **About the Consortium**

GMR MEGAWIDE brings significant experience in turning around high-volume capital city airports as well as operating and transforming a major airport in the Philippines, Mactan-Cebu International Airport (MCIA). The consortium took over operations in November 1, 2014. Since then MCIA has won a number of international awards, most notably the Asia Pacific Regional Airport of the Year from the CAPA Center for Aviation in 2016.

Megawide is one of the country’s most innovative engineering and infrastructure firms. Megawide has a diversified portfolio that includes EPC, airport, and progressive property development. Megawide is the government partner for key infrastructure projects such as the Paranaque Integrated Transport Exchange (PITX) and the Philippine School Infrastructure Project (PSIP) Phases 1 and 2.

India-based GMR currently operates the New Delhi and Istanbul Airports. GMR has operated New Delhi Airport since 2006 and has transformed it from an Airport Service Quality (ASQ) Rank 101 in 2006 to Rank 1 in 2014 and 2015. In the category of 40+ million pax per annum category, New Delhi airport was ranked 2<sup>nd</sup>, tied with Changi Airport, Singapore.