

**Indonesian airport services firm looks abroad for growth**  
**Malaysian Insider**  
**7 March, 2014**

Indonesia's biggest privately owned airport services provider is seeking to expand in Southeast Asia, rather than at home, as airport infrastructure constraints stymie its growth in the world's fifth-largest market for domestic air travel.

Cardig Aero Services Tbk PT aims to load luggage, cook food and clean cabins for airlines around the region after Indonesia's government backed down from letting foreign companies expedite an increase in airport capacity.

"Our servicing capacity depends on airport capacity as well. As the rate of infrastructure development increases, it will be better for us," Cardig deputy chief executive Radianto Kusumo said.

"Our market share in Indonesia has reached 70%, so we are seeking growth outside of the country," he added.

Industry data showed domestic passenger numbers jumped 35% in Indonesia in the past four years, boosted by a steadily expanding economy and a growing middle class.

Cardig, which operates at Indonesia's 17 biggest airports, expects passenger numbers to rise at twice the growth rate of the economy by 2019.

Airport capacity, however, is straining to keep up with this pace of growth and prospects for expansion dimmed in December when the government decided not to let foreign companies buy majority stakes in ports and airports because of national security concerns.

Cardig is targeting two Southeast Asian countries for growth, Kusumo said, without giving details. Asia's largest airport services provider, Singapore Airport Terminal Services Ltd (SATS), last month bought a 42% stake in the company.

Cardig's expansion plans could see it running into regional peers such as Malaysia Airports Holding Bhd and Airports of Thailand PCL.

At home, state-owned airport services firms are also searching for other avenues for growth.

Flagship carrier Garuda Indonesia (Persero) Tbk PT plans to list its airport servicing units or seek partnerships while state-owned PT Angkasa Pura has formed alliances with Indian conglomerate GVK Industries Ltd and South Korea's Incheon International Airport Corp.

"Industry growth will vary, depending on how fast Indonesia can build new airports. This becomes our concern as we see how slow infrastructure construction has become," said Dimas Noverio, fund manager at Samuel Asset Management which owns Garuda stock and is reviewing Cardig's business.

"We think this industry is still attractive, mostly to companies that... can integrate their businesses just like what SATS does to Cardig."

SATS and Cardig plan to cooperate in a range of services, from managing passenger lounges to handling freight.

Outside of airports, Cardig plans to draw on SATS' know-how to take its catering business to Indonesia's malls and trade centres, aiming to dish out 200,000 meals a day over the next five years from 40,000 meals. – Reuters, March 7, 2014.

Hakcipta © 2014 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/business/article/indonesian-airport-services-firm-looks-abroad-for-growth>