



Latin America Market Digest

SEPTEMBER 2016

Latest developments

- Tale of two halves – northern Latin America sees growth continue apace whilst Brazil still in the doldrums
- Mexican carriers go from strength to strength – over 0.5m more seats this September vs last in domestic market, whilst strong international growth also taking place
- OTP up across Latin America’s Top 10 airports to 86% from 84% last August.
- Scheduled services between the US and Cuba have resumed after more than 50 years. US carriers have seized this opportunity, and by December will be operating significant capacity between the two countries.
- Latin America sub-regions still dominated by 3 or 4 carriers with the exception of the Caribbean

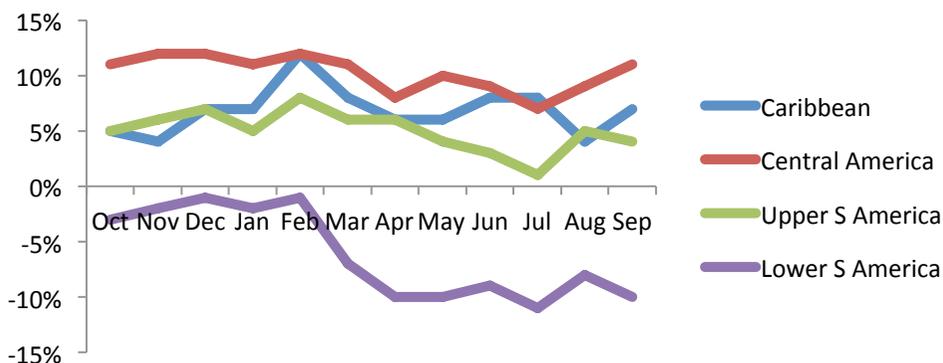


Capacity

Overall capacity declined this September in Latin America by 1% versus last September. This masks strong underlying growth in the Caribbean – which saw capacity grow by 7.5% versus last September, undoubtedly boosted by the launch of scheduled services between the US and Cuba. Central America is also experiencing strong growth, with 11.3% more seats this September than last. Mexico is driving this, with 13% growth year on year, with Volaris, VivaAerobus and Aeromexico all adding capacity in both domestic and international markets.

The countries of lower South America saw a slight improvement in the decline of capacity in August, the Olympic effect as Rio held the 2016 Games, but overall this region is still reporting a decline reverting to the downward trend with 10% fewer seats this September versus last.

Latin America – Year on year capacity change



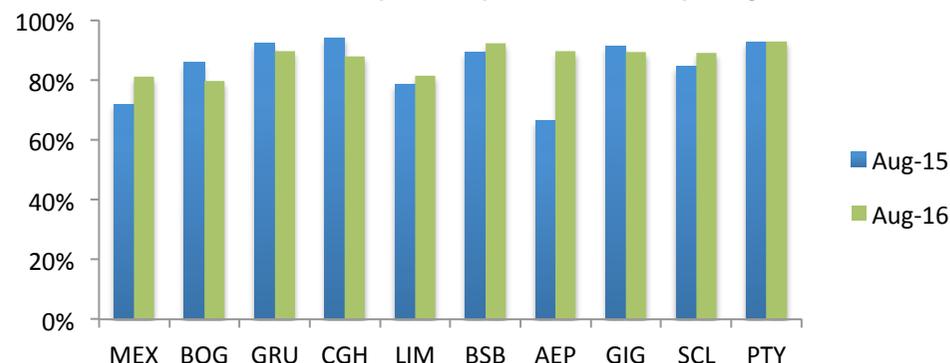
On-time performance

Average on-time performance across Latin America’s Top 10 biggest airports (by seat capacity) was 86% in August 2016, up slightly from 84% last August. Four of the Top 10 airports achieved 90% or over of flights leaving on time, with Panama (PTY) highest at 93%.

Buenos Aires (AEP) has seen considerable improvements to OTP since last August with 90% of flights leaving on time in August 2016, compared to just 66% a year ago. Mexico City (MEX) has also seen OTP improve, with an increase of 9 percentage points from 72% last August to 81% this year.

Brazil’s biggest airports saw OTP fall slightly in August from an average of 92% for GRU, CGH, BSB and GIG, to 90% - perhaps the Olympic effect?

OTP of Top 10 Airports - Seat capacity



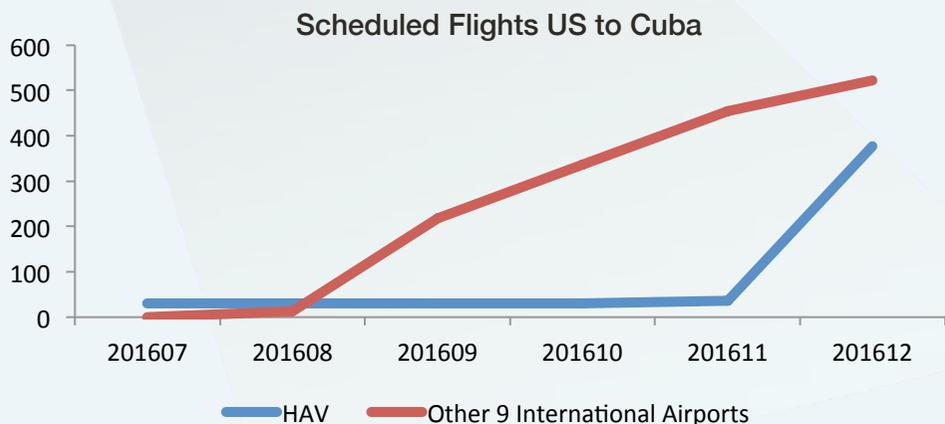
MARKET SPOTLIGHT

Cuba

A historic development took place at the end of August when the first US scheduled flight for more than half a century arrived in Cuba, following the restoration of diplomatic ties between the two countries in late 2014. JetBlue got in first, carrying 150 passengers on that first flight.

10 US airlines now have secured rights to operate up to 20 daily flights and up to 10 from each of the other 9 international airports in Cuba. Looking ahead for the next 6 months shows that US carriers will approach close to half the limit by the end of 2016, with 377 flights in December 2016 between the US and Havana, and carriers have filed for 521 flights to the other 9 airports in December 2016.

American Airlines is scheduled to operate the greatest share of capacity so far, with 75% of all seats between the US and Cuba in September 2016. This will fall to 53% by December 2016 as other carriers increase their operations. By December, JetBlue and Delta will both operate 12% of seats, and Spirit a further 8%.



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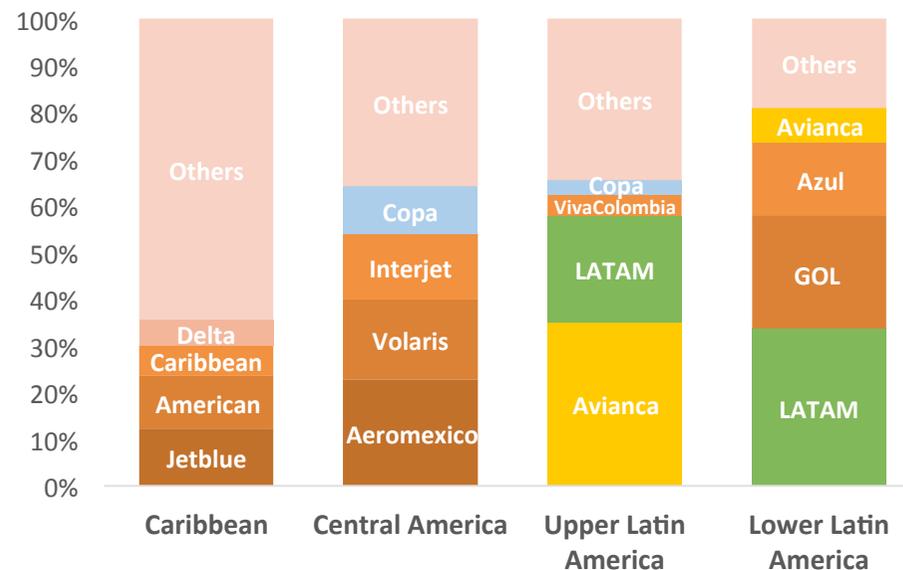
Carrier Capacity

With the exception of the Caribbean, capacity in all other regions in Latin America is dominated by 3 or 4 big carriers. The Caribbean is dominated by foreign (US) carriers, reflecting the lack of a common Caribbean carrier.

In Central America and Upper Latin America, two thirds of capacity is operated by just four carriers who dominate the market. Meanwhile in Lower South America this is even higher with 80% of capacity operated by just four carrier groups, and nearly 60% of that is operated by LATAM and GOL, primarily in the Brazilian domestic market.

LATAM has a considerable presence across Latin America, operating 20% of the continent's capacity as does Avianca, who operate 12% of Latin America's capacity.

Carrier Market Share by Region – September 2016



Did you know?

The longest route from Latin America operates between Dubai (DXB) and Sao Paulo (GRU). At a distance of 7,585 miles, the route takes just under 15 hours to fly and is operated daily by Emirates using a B777-300ER.