

LATIN AMERICA AIR TRAVEL REPORT

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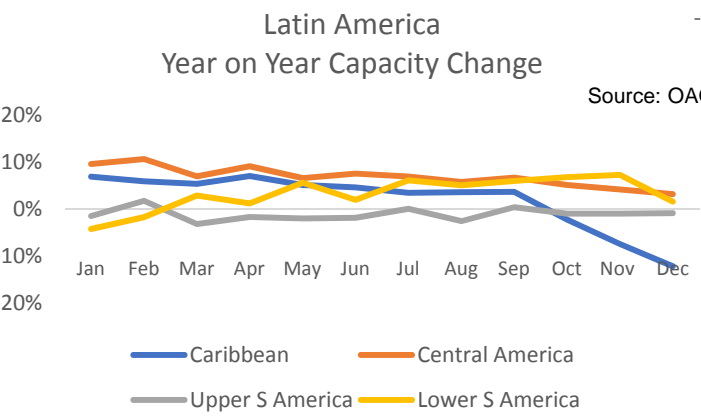
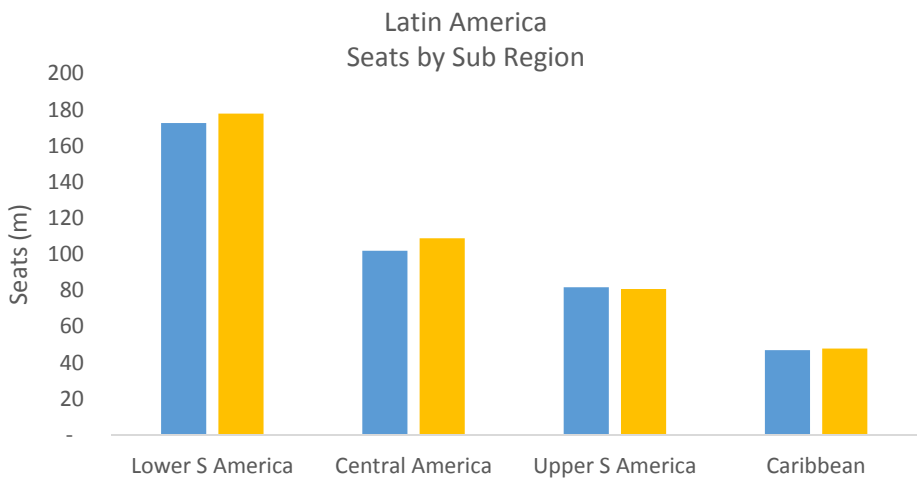


Overall capacity

Caribbean still faces challenges

Capacity to and from, and within Latin America ends 2017 up 3%, meaning carriers have added 11.9 million seats compared to 2016, taking the total capacity for the region to 415.9m. Much of this growth has taken place in Central America, and Mexico in particular, where there are now 6.8m more seats than last year.

The Caribbean too has seen strong growth compared to last year, with carriers adding 5.2m seats. Much of this growth occurred earlier in 2017

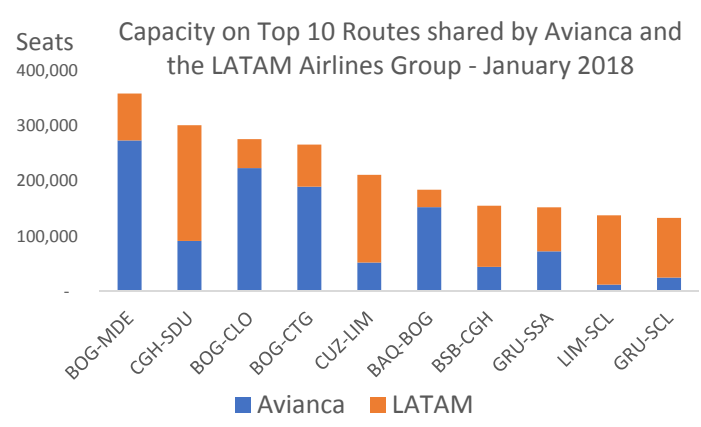


Source: OAG Schedules Analyser

with the chart to the left showing the impact of the 2017 hurricane season on the Caribbean and the trimming back of US-Cuba capacity following the initial flurry of carriers entering the market 12 months previously.

Capacity in Lower South America has returned to growth in 2017 with an increase of 2% compared to last year, but at 178m seats it still remains below its previous high point of 187m in 2015. Continued growth at the current rate means this part of Latin America will still take a couple of years to get back to those levels.

Head-to-head – Avianca and LATAM Airlines Group



Source: OAG Schedules Analyser

With Latam Peru looking to enter what has been a monopoly route by Avianca when it starts Lima-Medellin in February, where else do Avianca and the LATAM Airlines Group compete for traffic on the same route?

In January 2018 there will be 108 routes which both carriers operate, with each airline operating 3.2-3.4 million seats on those routes.

The largest route is Bogota (BOG)-Medellin (MDE), on which the two airlines will fly 358,000 seats next month, or 11,550 each day. Avianca operates three quarters of these. On each of the other three Colombian routes in the Top 10 shared routes Avianca also operates 4-5 times as much capacity as the LATAM Airlines Group: These routes are Bogota-Cali (CLO), Bogota-Cartagena (CTG) and Barranquilla (BAQ)-Bogota and Avianca.

Conversely, the largest routes that both airlines operate in Brazil, Peru and Chile are where the LATAM Airlines Group capacity dominates Avianca.

RJ's – An Embraer success story

Across the world, regional jets (RJ's) make up 7.8% of all scheduled flights but in Latin America, they account for a larger share of all commercial flights, at 9.3%. This is partly due to the success of the Brazilian aerospace conglomerate, Embraer, as 90% of all RJ's used for flights within Latin America in 2017 were Embraer aircraft.

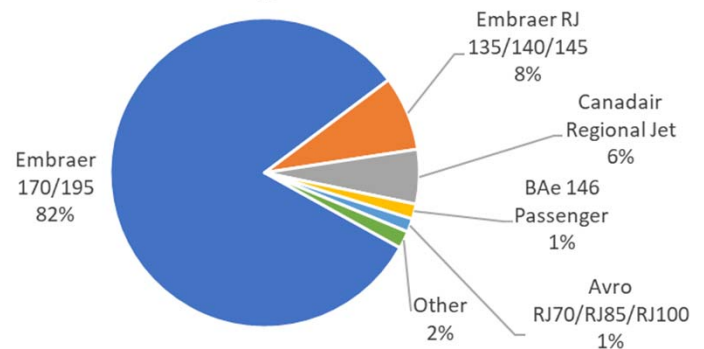
The Embraer 170/195 family of aircraft make up 400,000 of the 490,000 RJ flights annually, and their use increased a small amount (1.2%) in 2017 from the previous year. In contrast, the second most used RJ, the Embraer 135/140/145 series, saw flights decline by 22% in 2017. The major users of these aircraft in the region are the Brazilian low cost carrier Azul Airlines, and Mexican carrier Aeromexico.

After Embraer, the Canadair Regional Jet is the next most used RJ in Latin America, and flights on this type of aircraft have grown by 32% in 2017, partly as a result of their increasing use by Bolivian based Amazonas.

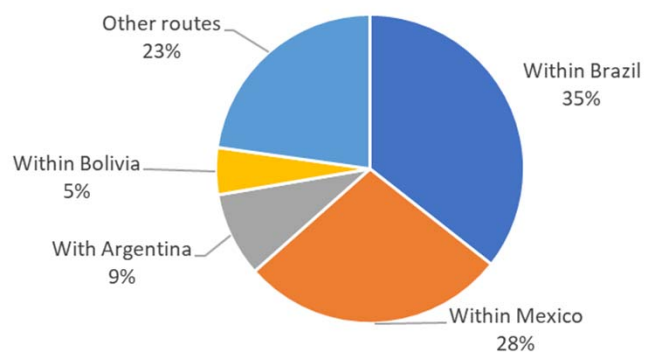
Unsurprisingly, given the airlines which operate these aircraft, most RJ's are used on routes within Brazil or within Mexico.

Source: OAG Schedules Analyser

Regional Jet Flights within Latin America by Aircraft Type - 2017



Where RJ's Operate in Latin America



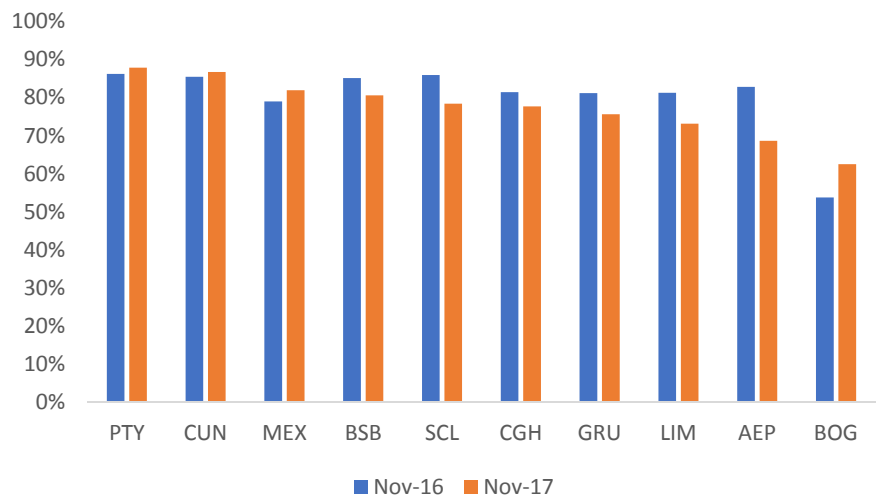
OTP

Growth Challenges?

For some of Latin America's largest airports, maintaining strong OTP this winter is challenging. The very biggest airports, Panama (PTY), Cancun (CUN) and Mexico City (MEX) are holding their own – and their positions at the top of the table – whilst some of the other airports are having a more challenging time.

Argentina's secondary Buenos Aires airport (AEP) has seen OTP fall from 82.7% last year to 68.6% this November and Chile's Santiago (SCL) airport has also seen a substantial fall. It is no coincidence that both of these airports are amongst the fastest growing of Latin America's largest airports – Buenos Aires handed 7% more flights this November, and Santiago 16% more.

OTP of Top 10 Airports



Source: OAG OTP Database

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