Latin America - Market update

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When comparing month/week with equivalent capacity data in 2019, Latin America capacity growth is in full swing

- ✈ In September / October capacity recovered stand at 41% / 47% respectively
- ✈ 55% of recovery by 2nd week of November or another 8 points in two weeks

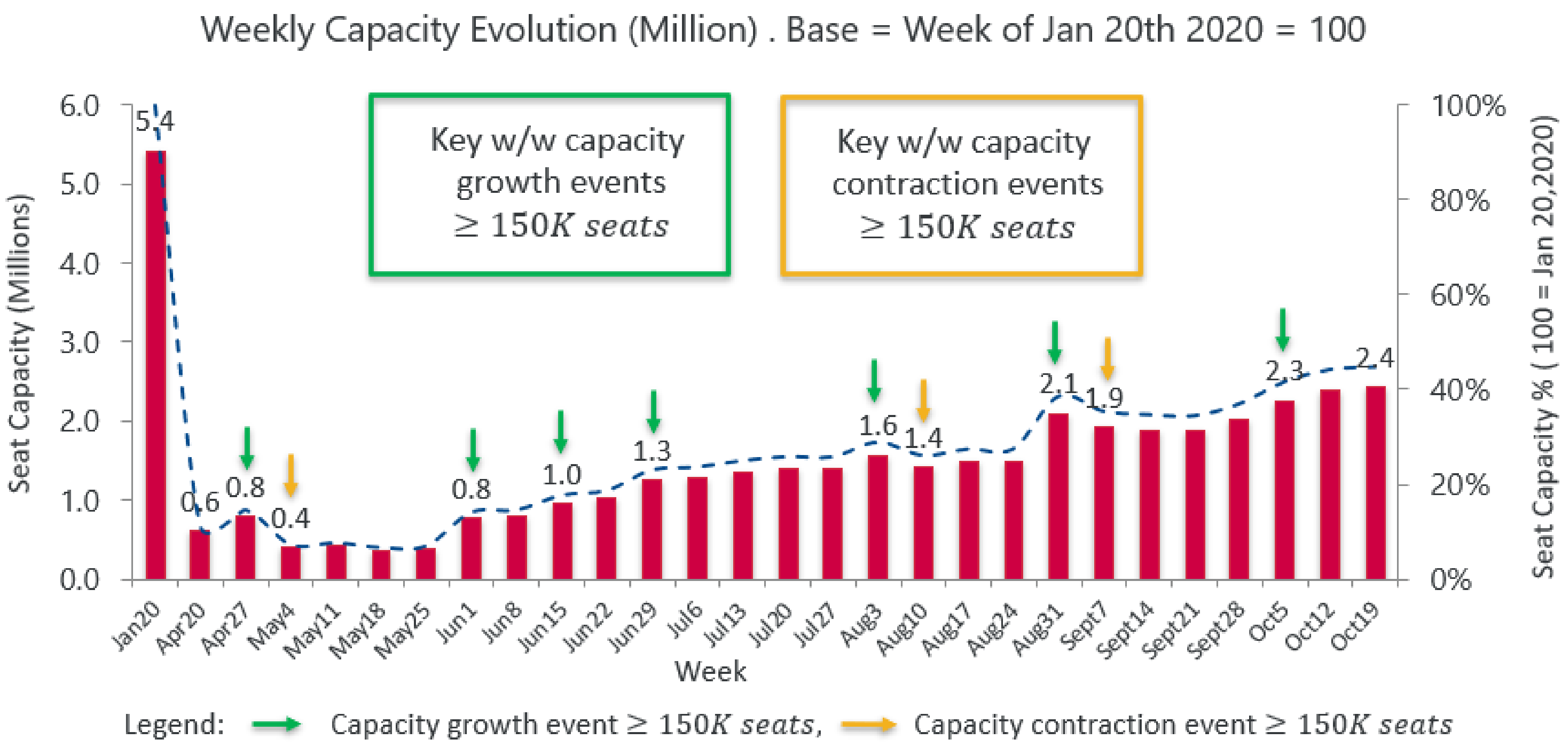
	January	February	March	April	May	June	July	August	September	October	Nov. 2	Nov. 9
Africa	-3.8%	-3.7%	-20.8%	-61.0%	-70.9%	-70.1%	-67.4%	-59.2%	-54.3%	-50.1%	-48.6%	-49.9%
Europe	-3.0%	-2.3%	-36.0%	-89.0%	-89.0%	-81.7%	-63.8%	-53.9%	-58.2%	-61.6%	-64.0%	-70.0%
Asia	5.0%	-22.6%	-27.9%	-53.9%	-47.9%	-41.5%	-36.1%	-33.2%	-31.0%	-29.1%	-31.0%	-31.0%
Latin America	**2.6%**	**2.8%**	**-11.8%**	**-69.6%**	**-74.3%**	**-70.6%**	**-66.6%**	**-64.7%**	**-59.5%**	**-53.2%**	**-46.3%**	**-45.1%**
North America	1.7%	1.1%	-7.1%	-59.7%	-73.1%	-66.0%	-52.1%	-49.2%	-50.9%	-49.4%	-48.1%	-46.7%
Middle East	-1.8%	-2.1%	-27.3%	-63.1%	-78.6%	-65.4%	-62.8%	-61.3%	-58.0%	-58.1%	-54.5%	-54.2%
SW Pacific	-2.4%	-2.9%	-17.2%	-81.0%	-80.2%	-71.0%	-64.4%	-63.7%	-62.2%	-58.1%	-56.1%	-57.2%
GLOBAL	1.5%	-7.8%	-21.5%	-65.9%	-69.1%	-62.6%	-52.2%	-47.6%	-47.7%	-46.4%	-45.8%	-46.5%

Slower capacity growth   Capacity cuts   Status quo

- ✈ Recently, borders opened up: Is this initial pent-up demand sustainable?
  - Globally, 5 regions have encountered capacity “correction” events at 50% of recovery

Source: OAG data. Scheduled Flights by Month & Week for selected markets. 2020 month/week compared with equivalent month/week in 2019. Note: M-o-M: Month-over-Month (June to October).

In 2020, Latin America weekly capacity evolution shows seven growth and three contraction events



Source: OAG data. Weekly 2020 capacity evolution in millions.

FSC are aggressively adding back capacity and two key ULCCs show the largest w/w seat capacity adjustments

	2020-08-31	2020-09-07	2020-09-14	2020-09-21	2020-09-28	2020-10-05	2020-10-12	2020-10-19	**Total w/w seats** (additions or reductions)
FSC:									
Azul Airlines		24,870	-3,700	-22,203	30,817	66,969	27,990	20,493	145,236
Avianca		9,326	-1,202	9,018	20,516	23,324	17,526	16,061	94,569
LATAM Airlines Group		28,779	-3,013	-2,907	34,715	26,229	897	-311	84,389
Aeromexico		19,914	1,894	-6,070	14,007	10,343	1,926	1,042	43,056
Total FSC seats		82,889	-6,021	-22,162	100,055	126,865	48,339	37,285	367,250
ULCC:									
SKY Airline		4,356	186	-1,116	10,776	17,596	550	-680	31,668
Viva Air Colombia		-1,880	1,504	1,504	2,256	14,288	1,880	752	20,304
JetSmart		3,720	3,952	-4,836	2,418	2,790	-744	1,488	10,788
Vivaaerobus		16,506	-73,566	4,278	13,878	9,606	1,290	-186	-28,194
Volaris		2,777	-2,255	1,737	-4,021	-4,301	-1,938	1,083	-6,918
Interjet		5,022	1,860	2,976	-14,136	2,418	0	0	-1,860
GOL Linhas Aereas S.A.		-289,626	31,578	2,202	24,276	63,456	81,354	-33,240	-120,000
Total ULCC seats		-259,125	-34,741	6,745	35,447	105,853	82,392	-30,783	-94,212
Separate category:									
Copa Airlines		1,268	5,344	2,192	384	20,396	6,470	24,504	60,558
Total FSC, ULCC + Copa seats		-174,968	-35,418	-13,225	135,886	253,114	137,201	31,006	333,596
W/W seat trend (%)		-8.3%	-1.8%	-0.7%	7.3%	12.6%	6.1%	1.3%	
Legend:			w/w largest seat growth		w/w seat contraction		w/w capacity of +/- 2,000 seats		

Source: OAG data. Weekly 2020 capacity evolution. Note: FSC: Full-Service Carrier. ULCC: Ultra Low-Cost Carrier

Domestic fare discounting for a number of markets average 30% to 50% in Latin America

- ✈ Priorities: Stimulate demand, rebuild networks and stay afloat
- ✈ Two different market pricing strategies
    - NLDC: Avg. fares continue strengthening (MEX and BRA)
    - LDC: Stronger focus on demand stimulation through low fares and promotions
- ✈ Strategies used to optimize profitability & ticket / ancillary products value
    - ULCC targeting budget conscious travel accounts
    - 100% refund guaranteed product - Two-fold strategy
    - Selling a number of tickets at X discount

Notes: NLDC: No Lock Down Countries. LDC: Lock Down Countries. MEX: Mexico. BRA: Brazil

To strengthen pricing and rebuild demand, it is key to align travel confidence tactics with commercial boosters

Trustworthy

Health & Safety

Certifications & Hygiene standards

Responsible

Sustainable

Change Fee Waiver

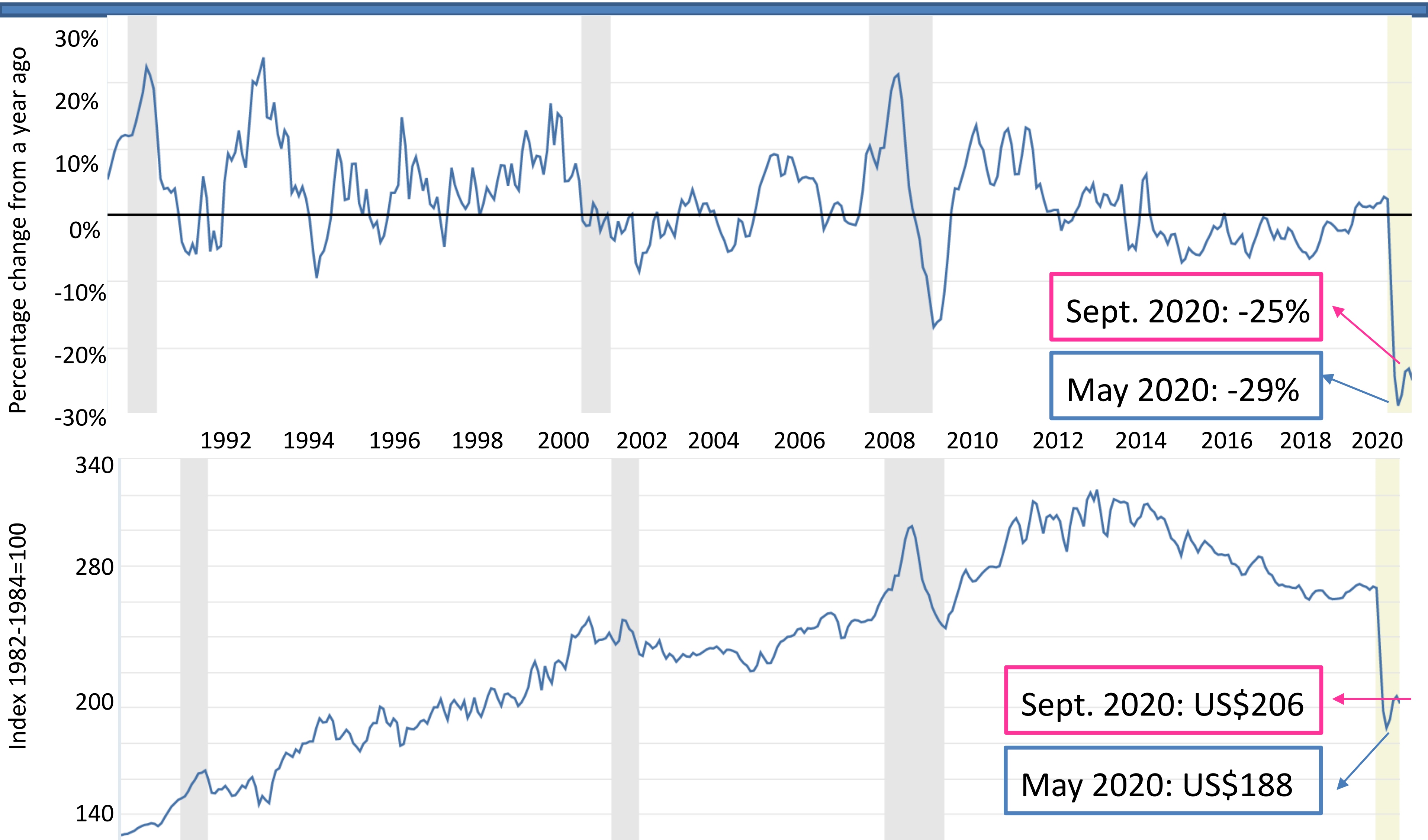
Booking Flexibility

Refunds & Payments

Travel confidence tactics

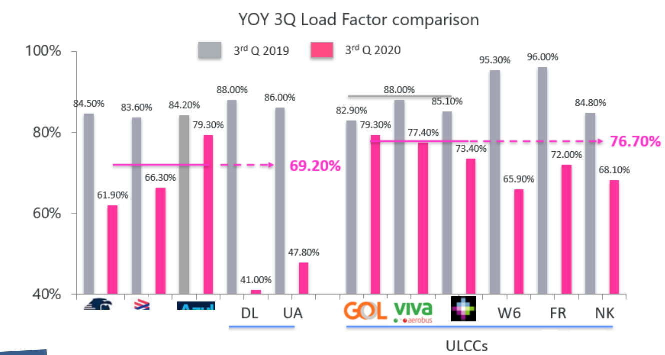
Commercial boosters

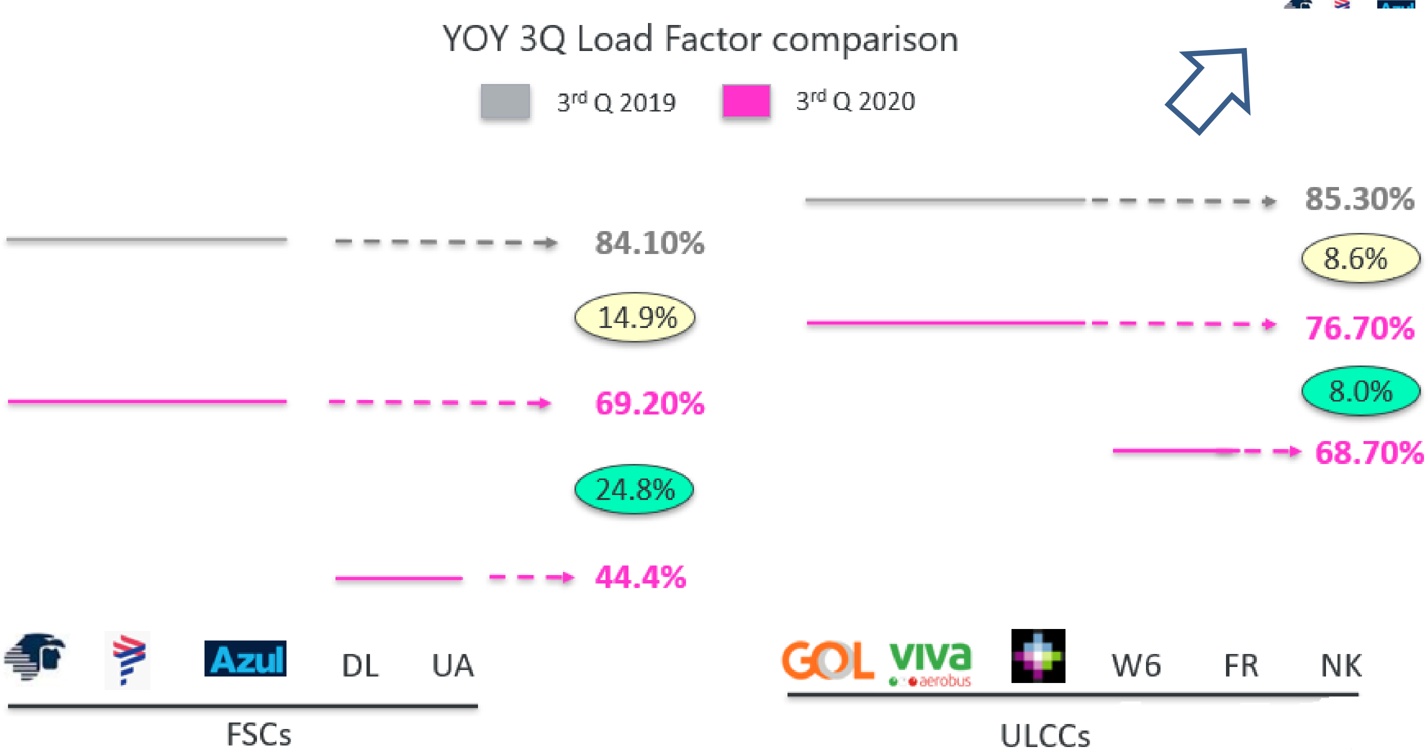
As of Sept. 2020, domestic fares in the US continue firming up but still are 25% lower than same month in 2019



Data: U.S. Bureau of Labor Statistics. Consumer Price Index for All Urban Consumers: Airline Fares in U.S. City Average. Monthly data. Seasonally Adjusted

When comparing selected Latin American carriers on a quarterly basis, their LF are 25% and 8% higher respectively





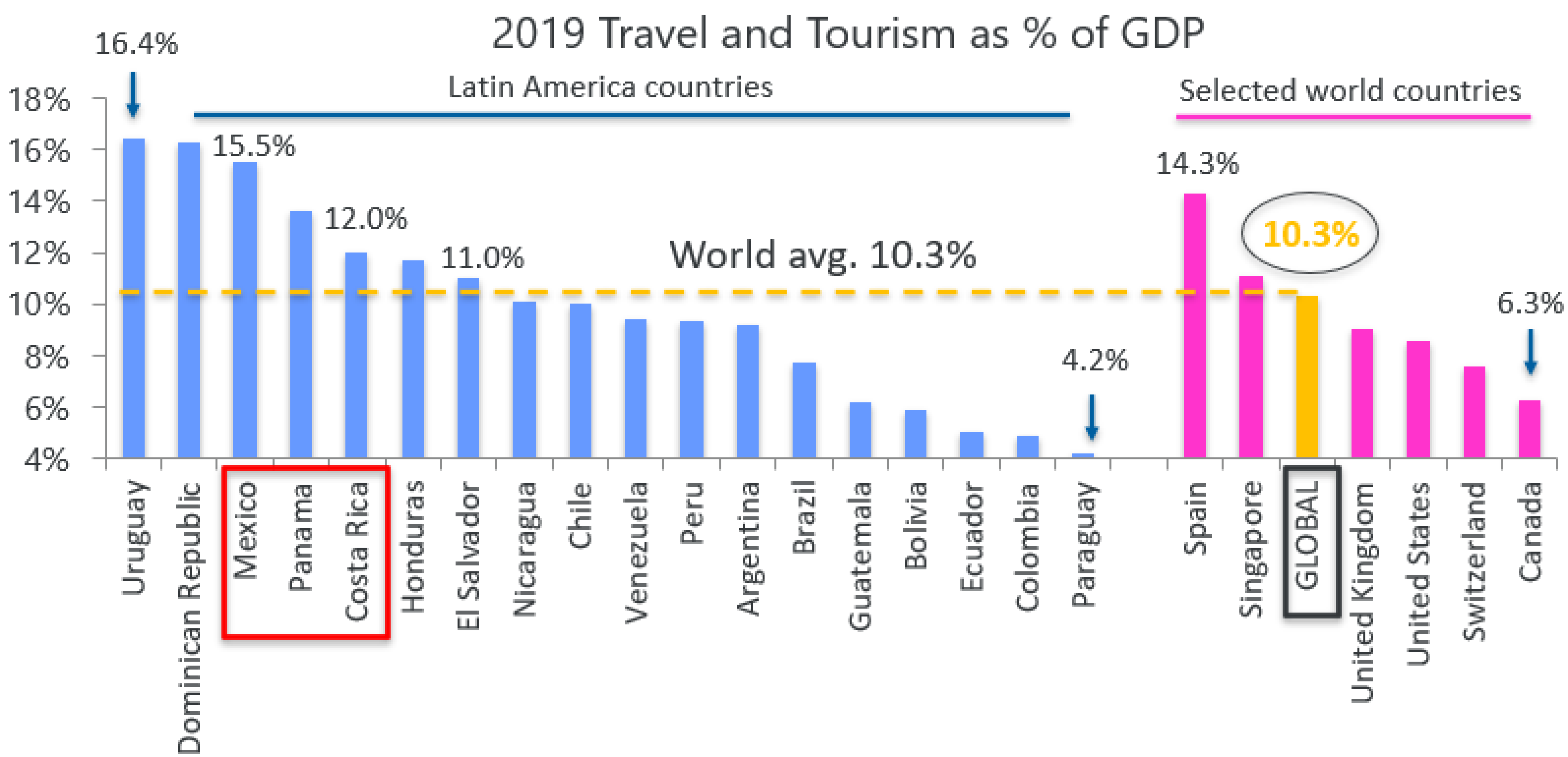
To-Go 3Q 2019 KPI

Latin American carriers improvement vis-à-vis global players

Data: Airlines 10Q reports. DL Delta, UA United, W6 Wizz air, FR Ryanair and NK Spirit Airlines. Q-o-Q: Quarter over Quarter. Note: LF: Load

Seven countries out of 18 show a higher travel and tourism contribution as a % of GDP than the world average

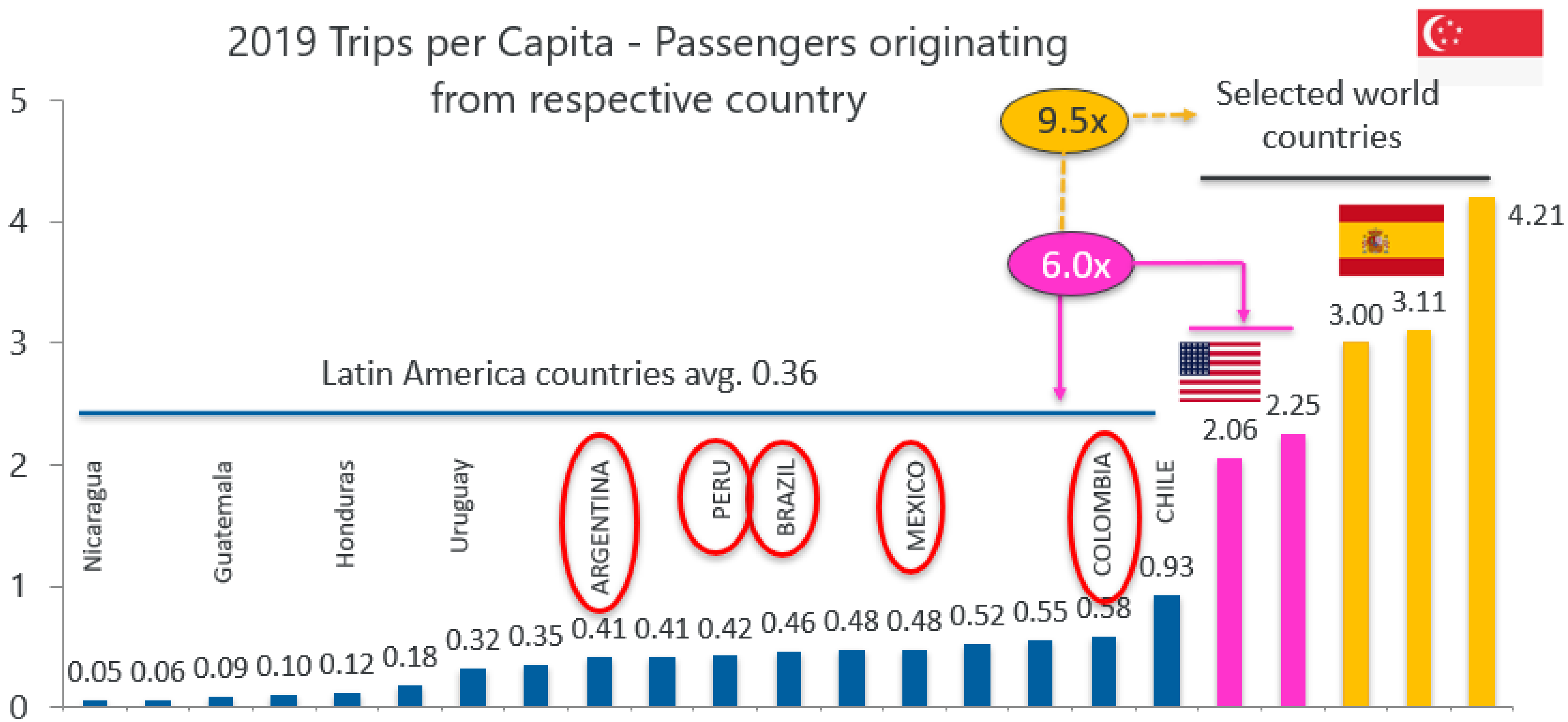
✈ Airlines, gov., tourism boards and the entire travel ecosystem need to partner



Source: World Travel & Tourism Council 2019 data.

Trips per capita in Latin America average only 0.36 and are 6x lower when compared to US and UK

✈ Fundamentals for market stimulation still strong



Data: Sabre, IHS and Airbus.

Final thoughts - Latin American market

- ✈ ULCCs are observed in market share attack mode
- ✈ Airlines keep focusing on rebuilding networks and stimulating demand
- ✈ FSCs Chapter 11 restructuring brings new opportunity to cut cost deeply
- ✈ Players in large domestic markets have natural core strength
- ✈ Creativity to strengthen bookings and rebuild demand is important
- ✈ "Frenemies" codeshare partnerships are key low Capex opportunities
- ✈ The first YOY regional capacity correction is possible late Nov. or Q1 2021
- ✈ Fundamentals for market stimulation still strong

Note: YOY Year over Year. Capex: Capital Expenditure

Thank you!

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