



Monthly Statistical Report

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From: Brian Pratte, Chief Air Service Development Officer
Copies: San Antonio Regional Stakeholders
Subject: May 2019 Monthly Statistics
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NEW FLIGHTS LEAD TO RECORD GROWTH AND INCREASED RETENTION AT SAT

SUMMARY

For the 35th consecutive month, San Antonio International Airport (SAT) experienced record passenger growth during the month of May. A total of 896,154 passengers flew through the airport representing a nearly 7% increase, the highest of any May on record. During the month, SAT welcomed its newest carrier, Sun Country Airlines, with new nonstop service to Minneapolis/St. Paul which contributed to the month's impressive growth. Over the past three years, SAT has added multiple new flights resulting in an unprecedented spike in traffic and a four-point increase in passenger retention. With capacity forecasted to increase between 5-6% in 2019, the airport anticipates this positive trend to continue.

Domestic traffic for May rose 6% compared to the same month last year while international traffic increased a remarkable 23%. Additionally, a total of 24,847,211 pounds of air cargo moved through SAT during the month, representing a nearly 6% increase, the highest of any May on record and the fourth highest of any month on record. This growth further supports the economic momentum apparent in the San Antonio region.

(Please see Exhibit A for a detailed breakdown of all passenger and cargo stats)

Since 2016, the airport has welcomed multiple new flights which have contributed to the recent passenger growth and retention at the airport. These flights are not only to new destinations, but also represent added capacity to existing markets as well. As a result, SAT exceeded 10 million passengers for the first time in 2018, an 11% increase from the prior record year. Furthermore, a recently conducted retention analysis indicated that more passengers residing in SAT's catchment area are choosing to utilize their local airport as opposed to alternatives, leading to a four-point increase, from 83% to 87%, in passenger retention in 2018 versus 2015. The study also found that SAT's fares are on average \$4.94 higher in domestic markets the airport shares with Austin-Bergstrom International (AUS) in 2018, compared to \$11 higher in 2015. As SAT continues to add more flight options for its customers, fares will likely continue to decrease, resulting in even more passenger growth and retention at the airport.



DOMESTIC PASSENGERS

Domestic passenger growth for May increased 6.0% on a 5.4% increase in capacity with almost all domestic carriers adding seats to the market during the month. This product absorption is a strong indicator of a continued increase in demand and a strong economic environment at SAT with more seats being filled than added.

In May, SAT's newest carrier, Sun Country Airlines, began nonstop service to Minneapolis/St. Paul with service to Portland, OR following in June and Las Vegas in September. United Airlines, who has grown significantly at SAT during the last few years, increased seats by nearly 17% during the month by adding flights/capacity to almost every market the airline serves. Equally impressive, American also grew capacity to almost every one of its markets in addition to launching nonstop service to New York-JFK in February representing a 13% increase for the month. Southwest also grew capacity by 2% by launching Fort Lauderdale and Oakland service in July 2018. Frontier Airlines was the only carrier at SAT to decrease capacity in May by discontinuing service or making seasonal cutbacks to multiple markets.

| Airline | Seat Capacity Change | Passenger Change |
|-----------------------|----------------------|------------------|
| Alaska Airlines | 0.0% | 1.1% |
| Allegiant Air | 3.2% | (1.7%) |
| American Airlines | 12.9% | 15.7% |
| Delta Air Lines | 0.5% | 3.7% |
| Frontier Airlines | (16.3%) | (20.7%) |
| Southwest Airlines | 2.8% | 1.6% |
| Sun Country Airlines* | 100% | 100% |
| United Airlines | 16.8% | 15.3% |

*Sun Country Airlines inaugurated service at SAT in May 2019

When comparing year-over-year domestic capacity changes, the results were based on the following:

- American Airlines: began daily nonstop service to New York JFK in February 2019 and increased aircraft gauge to Chicago O'Hare in May 2018, Charlotte in September 2018 and Los Angeles in November 2018
- Delta: increased frequency to Salt Lake City June 2018
- Frontier Airlines: Seasonal route adjustments and some route discontinuations began in late 2018, early 2019
- Southwest Airlines: launched new daily service to Fort Lauderdale and Oakland in July 2018 with recent added capacity to several markets
- United Airlines: increased seasonal frequency to Denver in June 2018, year-round frequency to Newark in October 2018 and an additional frequency to Chicago O'Hare in March 2019



INTERNATIONAL PASSENGERS

International passengers grew by nearly 23% in May on a 29% increase in scheduled capacity, with a total of 25,977 monthly departure seats. This growth was driven by Interjet increasing flights to Guadalajara from weekly to daily and seasonal adjustments made by Volaris to Mexico City.

While international capacity growth outpaced seats filled slightly during the month, the increase in passengers was nonetheless impressive given the current macro-level economic and political uncertainties which continue to strain demand between the U.S. and Mexico. With international passengers up nearly 15% year-to-date, SAT continues to see positive indicators of an improving international environment.

To some degree, San Antonio's strong cultural and economic ties to Mexico limit the negative effect these external factors play on air service between Mexico and our region. To illustrate, SAT ranked #2 among all U.S. medium-hubs in terms of total seat growth to Mexico year-end April 2019, behind San José, CA. SAT's air service team continues to monitor these macro-level factors closely and any effect they may have on service levels to/from Mexico.

| Airline | Seat Capacity Change | Passenger Change |
|------------|----------------------|------------------|
| Aeromexico | 0.3% | 4.7% |
| Interjet | 16.6% | 23.6% |
| Southwest* | 0.0% | (7.7%) |
| United* | N/A | N/A |
| Volaris | 352.8% | 239.1% |

*Southwest and United offer seasonal service to Cancún, Mexico.

When comparing year-over-year international capacity changes, the results were based on the following:

- Interjet: increased frequency from weekly to daily to Guadalajara in March 2019
- Southwest & United: offers service to Cancún on a seasonal basis
- Volaris: increased seasonal capacity to Guadalajara in June 2018 during peak months only



RECENT SCHEDULE CHANGES

In May 2019, Sun Country Airlines, a new carrier for SAT, launched **NEW** nonstop, 4X weekly service to Minneapolis with seasonal Portland and Las Vegas service to follow this June and September. As a top unserved market for the airport, Portland will be a welcomed addition to SAT's air service portfolio while the added service to Las Vegas and Minneapolis will complement SAT's current level of service. All flights will operate on B737-700/800 aircraft with up to 182 seats.

In February 2019, American Airlines launched **NEW** daily nonstop service to New York's JFK Airport. The airline joined Delta and United with nonstop service to the New York City area, a top underserved market for SAT prior to this additional flight. The new American flight departs SAT in the mid-morning and returns late evening on a 160-seat Boeing 737-800 aircraft.

Over the past several months, Frontier Airlines has launched seasonal and year-round service to several markets from SAT that will continue throughout 2019. These markets include Atlanta, Colorado Springs, Denver, Las Vegas, New Orleans, Ontario, CA, Orlando, San Diego and Washington-Dulles.

In August 2018, Frontier and Volaris launched a first of its kind codeshare agreement between the two ultra-low-cost carriers. The codeshare allows for each airline to sell combined passenger itineraries for seamless transfer between the U.S. and Mexico and is anticipated to have a positive impact on passenger traffic between the two carriers at SAT.

In July 2018, Southwest Airlines began **NEW** daily, year-round, nonstop service to Oakland (OAK) and Fort Lauderdale (FLL). Prior to launch, OAK was an unserved market and FLL was only served seasonally. Both markets bring much needed capacity to the Bay Area and Southeast Florida and are flown on 143/175-seat Boeing 737 aircraft. Southwest has also recently increased frequencies to multiple cities, mostly during the peak summer season.

In February 2018, American Airlines launched **NEW** daily, year-round, nonstop service to Philadelphia, a market previously served only seasonally by Frontier. The new service is operated on a 150-seat Airbus A320 aircraft and provides added capacity to the east coast and American's primary transatlantic gateway.

In January 2018, Southwest Airlines began daily, direct (one-stop, no plane change) service to Ronald Reagan Washington National Airport (DCA). Though the layover city fluctuates, the schedule remains consistent each day.



EXHIBIT A

San Antonio International Airport Passenger & Air Cargo Activity Summary Report

| | May | | | Calendar Year-to-Date | | |
|-----------------------------------|-------------------|-------------------|--------------|-----------------------|--------------------|--------------|
| | 2019 | 2018 | % Change | 2019 | 2018 | % Change |
| Passengers | | | | | | |
| Domestic Enplanements | 436,698 | 409,385 | 6.7% | 1,989,905 | 1,879,220 | 5.9% |
| Domestic Deplanements | 422,688 | 401,639 | 5.2% | 1,967,257 | 1,869,138 | 5.2% |
| Total Domestic Passengers | 859,386 | 811,024 | 6.0% | 3,957,162 | 3,748,358 | 5.6% |
| Intl Enplanements | 17,941 | 15,710 | 14.2% | 82,375 | 74,107 | 11.2% |
| Intl Deplanements | 18,827 | 14,217 | 32.4% | 87,469 | 73,907 | 18.4% |
| Total Intl Passengers | 36,768 | 29,927 | 22.9% | 169,844 | 148,014 | 14.7% |
| Grand Total All Passengers | 896,154 | 840,951 | 6.6% | 4,127,006 | 3,896,372 | 5.9% |
| Air Cargo (in Pounds) | | | | | | |
| Domestic Freight Enplaned | 7,719,173 | 7,136,829 | 8.2% | 35,024,544 | 32,367,408 | 8.2% |
| Domestic Freight Deplaned | 9,877,293 | 9,099,878 | 8.5% | 45,542,111 | 42,086,085 | 8.2% |
| Total Domestic Freight | 17,596,467 | 16,236,707 | 8.4% | 80,566,655 | 74,453,493 | 8.2% |
| Intl Freight Enplaned | 948,591 | 563,009 | 68.5% | 3,093,251 | 2,518,579 | 22.8% |
| Intl Freight Deplaned | 273,302 | 256,062 | 6.7% | 1,053,436 | 904,787 | 16.4% |
| Total Intl Freight | 1,221,893 | 819,071 | 49.2% | 4,146,687 | 3,423,366 | 21.1% |
| Total Freight | 18,818,360 | 17,055,778 | 10.3% | 84,713,342 | 77,876,859 | 8.8% |
| Mail Enplaned | 2,153,184 | 2,496,152 | -13.7% | 10,972,726 | 11,652,082 | -5.8% |
| Mail Deplaned | 3,875,668 | 3,986,555 | -2.8% | 20,050,209 | 18,929,798 | 5.9% |
| Total Mail | 6,028,851 | 6,482,707 | -7.0% | 31,022,935 | 30,581,880 | 1.4% |
| Grand Total All Air Cargo | 24,847,211 | 23,538,485 | 5.6% | 115,736,277 | 108,458,739 | 6.7% |