



**SAN ANTONIO
INTERNATIONAL AIRPORT**



AUGUST 2019

MONTHLY STATISTICAL REPORT



Monthly Statistical Report

To: Russell J. Handy, Aviation Director
From: Brian Pratte, Chief Air Service Development Officer
Copies: San Antonio Regional Stakeholders
Subject: August 2019 Monthly Statistics
Date: September 18, 2019

SAT EXPERIENCES SLIGHT MONTHLY DECREASE IN PASSENGERS AT SAT

SUMMARY

Due to unforeseen challenges such as the worldwide grounding of the Boeing 737 MAX aircraft and cancelled flights due to Hurricane Dorian as well as schedule changes by Frontier Airlines, San Antonio International Airport (SAT) experienced its first passenger decline in over three years in August 2019. Overall, a total of 874,121 passengers flew through the airport during the month, a decrease of (0.9%) from August 2018. Despite this decrease, SAT fully anticipates another record year in 2019, even with the continued MAX grounding, with projected passengers to be up 4 to 5% from 2018. By year-end 2019, it is estimated that SAT will have experienced an unprecedented 20% increase in passengers since 2016.

Domestic traffic for August decreased (1.3%), or a total of 832,062 passengers, compared to the same month last year. International traffic, however, increased over 8%, or a total of 42,059 passengers. This increase was driven largely by capacity increases by Interjet to Mexico. Additionally, a total of 23,866,329 pounds of air cargo moved through SAT during the month, representing a (2.8%) decrease compared to August 2018 with year-to-date totals still up 4.3%

(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 passengers decreased (1.3%) on a 1.3% increase in capacity with several domestic carriers adding seats to the market during the month. However, due to flights cancelled due to Hurricane Dorian, many of these scheduled seats were never flown.

This spring and summer, Sun Country Airlines inaugurated service to Minneapolis and Portland, OR while Alaska Airlines launched their second daily flight to Seattle which all contributed to the seat increase in August. American and United Airlines, who have both grown significantly at SAT during the last few years, increased seats by 5% and 9% during the month by adding flights/capacity to multiple markets with American also launching nonstop flights to New York-JFK in February. Southwest, another carrier that has recently grown aggressively at SAT experienced a 3% decrease in seats in August due the 737 MAX grounding.

Frontier Airlines also decreased capacity in August by discontinuing service to multiple seasonal markets. These markets ended after a strategic network-wide shift at the carrier caused routes nationwide to be withdrawn. Other markets that were heavily impacted include Austin, San José, CA and Cincinnati. The majority of these flights operated 2-3 times per week and since many of them began in August 2018, the YOY impact is now being experienced. Frontier continues serve nine markets from SAT with added seats to many of them this year.

Airline	Seat Capacity Change	Passenger Change
Alaska Airlines	98.6%	86.0%
Allegiant Air	(1.0%)	(2.7%)
American Airlines	8.9%	6.7%
Delta Air Lines	6.0%	2.9%
Frontier Airlines	(34.6%)	(24.5%)
Southwest Airlines	(2.6%)	(4.3%)
Sun Country Airlines*	100%	100%
United Airlines	4.7%	(10.0%)

*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:

- Alaska Airlines: began second daily flight to Seattle in July 2019
- American Airlines: began daily nonstop service to New York JFK in February 2019 and increased aircraft gauge to Chicago O'Hare in May 2019, Charlotte in September 2018 and Los Angeles in November 2018
- Delta: increased gauge to Atlanta and Salt Lake City June 2019
- Frontier Airlines: seasonal route adjustments and some route discontinuations began in late 2018, early 2019; capacity increase to Las Vegas began in August 2019
- Southwest Airlines: decline in seats due to 737MAX grounding from July forward
- United Airlines: increased year-round frequency to Newark in October 2018 and an additional frequency to Chicago O'Hare in March 2019



INTERNATIONAL PASSENGERS

Despite a slight setback in domestic passengers, international traffic grew by over 8% in August on a 3% decrease in scheduled capacity, with a total of 28,325 monthly departure seats. Despite some seat reductions to Cancun, Mexico City and Monterrey, SAT still experienced an increase in international traffic in part due to added capacity to Guadalajara on Interjet. This growth is an impressive feat given the current macro-level economic and political uncertainties which continue to strain demand between the U.S. and Mexico. With international passengers up 13% 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 #1 among all U.S. medium-hub in terms of total seat growth to Mexico year-end June 2019, ahead of St. Louis and 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	0.2%	23.4%
Interjet	8.5%	20.1%
Southwest*	(32.0%)	(30.9%)
United*	0.0%	12.3%
Volaris	6.0%	22.4%

*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



RECENT SCHEDULE CHANGES

In response to the global grounding of the Boeing 737 MAX aircraft, American and Southwest have made some adjustments to their summer/fall schedule at SAT. American has temporarily suspended their Philadelphia flight while Southwest has temporarily suspended service to Oakland in addition to reducing frequencies to a few other SAT markets. SAT expects capacity growth to slow slightly during affected months, but anticipates the airport's growth trend to regain its momentum once the 737 MAX is back in service, though that date is still unknown.

In July, Alaska Airlines doubled their current service to Seattle by offering a second daily flight from SAT. This growth is a strong indicator for both the airline's success on the route as well as increased demand between the two markets. The second daily flight is scheduled to depart SAT early morning and return late evening making it now possible for passengers to make day trips to the Pacific Northwest city.

In June 2019, Sun Country Airlines, a new carrier for SAT, launched **NEW** nonstop, 4X weekly seasonal service to Portland, OR having launched seasonal service to Minneapolis in May with Las Vegas service to follow this September. As a top unserved market for the airport, Portland is 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 183 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.



EXHIBIT A

San Antonio International Airport Passenger & Air Cargo Activity Summary Report

	August			Calendar Year-to-Date		
	2019	2018	% Change	2019	2018	% Change
Passengers						
Domestic Enplanements	413,203	414,785	-0.4%	3,312,081	3,166,435	4.6%
Domestic Deplanements	418,859	428,232	-2.2%	3,280,048	3,154,150	4.0%
Total Domestic Passengers	832,062	843,017	-1.3%	6,592,129	6,320,585	4.3%
Intl Enplanements	20,157	18,803	7.2%	153,243	139,473	9.9%
Intl Deplanements	21,902	20,076	9.1%	161,062	138,669	16.1%
Total Intl Passengers	42,059	38,879	8.2%	314,305	278,142	13.0%
Grand Total All Passengers	874,121	881,896	-0.9%	6,906,434	6,598,727	4.7%

Air Cargo (in Pounds)						
Domestic Freight Enplaned	6,873,368	7,173,162	-4.2%	56,195,636	52,966,756	6.1%
Domestic Freight Deplaned	9,956,199	9,759,453	2.0%	74,074,044	69,551,444	6.5%
Total Domestic Freight	16,829,567	16,932,615	-0.6%	130,269,680	122,518,200	6.3%
Intl Freight Enplaned	1,232,397	567,930	117.0%	6,145,628	4,280,331	43.6%
Intl Freight Deplaned	129,062	266,008	-51.5%	1,592,509	1,684,512	-5.5%
Total Intl Freight	1,361,459	833,938	63.3%	7,738,137	5,964,843	29.7%

Total Freight	18,191,026	17,766,553	2.4%	138,007,817	128,483,043	7.4%
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Mail Enplaned	1,949,534	2,534,263	-23.1%	16,641,302	18,745,447	-11.2%
Mail Deplaned	3,725,769	4,240,991	-12.1%	30,951,500	30,685,146	0.9%
Total Mail	5,675,303	6,775,254	-16.2%	47,592,802	49,430,593	-3.7%

Grand Total All Air Cargo	23,866,329	24,541,807	-2.8%	185,600,619	177,913,636	4.3%
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SAN ANTONIO INTERNATIONAL AIRPORT

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