



Monthly Statistical Report

To: Russell J. Handy, Aviation Director
From: Brian Pratte, Chief Air Service Development Officer
Copies: San Antonio Regional Stakeholders
Subject: November 2019 Monthly Statistics
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MAX GROUNDING AND LATE THANKSGIVING AFFECT SAT PASSENGER TRAFFIC

SUMMARY

Due to the continual worldwide grounding of the Boeing 737 MAX aircraft as well as the late Thanksgiving holiday, San Antonio International Airport (SAT) experienced a decrease in passengers in November 2019. Overall, 854,152 passengers flew through the airport during the month, a decrease of 3.9% from November 2018.

This year, Thanksgiving weekend, one the busiest travel periods of the year, was split between the November and December months. Thus, much of the passenger traffic that traveled in November in 2018 shifted to December in 2019 contributing to the decrease in November this year. The effect of the later holiday was experienced throughout the industry with many airlines reporting slowed or decreased traffic in November. Notwithstanding this decrease, year-to-date passenger totals at SAT remain 3% higher than last year and are anticipated to be up 3-4% by the year's end, despite the prolonged MAX grounding. By year-end 2019, it is estimated that SAT will have experienced an unprecedented 20% increase in passengers since 2016.

Domestic traffic for November decreased 4.3%, or a total of 815,516 passengers, compared to the same month last year. International traffic continued its impressive upward trend with passengers up 5.8% with year-to-date up 12.5%. This increase was driven largely by capacity increases by Interjet to Guadalajara. Additionally, a total of 21,514,490 pounds of air cargo moved through SAT during the month, representing a 7.4% decrease compared to November 2018 with year-to-date totals up 2.1%. Similar to the passenger traffic, this cargo decrease was likely heavily driven by the shift of Cyber Monday to December.

(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. However, the volume of new flights are only one of many indicators of SAT's recent air service successes. In terms of scheduled seats and passengers, SAT is among the fastest growing medium-hub airports in the United States. Furthermore, during the second quarter of 2019, SAT experienced an impressive average 86% load factor (the percentage of seats occupied), the highest of any quarter on record and one point higher than the national average.

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DOMESTIC PASSENGERS

As noted earlier, domestic passengers decreased 4.3% in November, largely affected by schedule changes made by Southwest due to the MAX grounding in addition to the late Thanksgiving holiday. Nevertheless, a number of domestic carriers added seats during the month.

This year, Sun Country Airlines inaugurated seasonal service to Las Vegas, Minneapolis and Portland, OR which have contributed to the overall yearly increase. Additionally, other carriers such as Alaska, American and United have all grown significantly at SAT in 2019. In July, Alaska doubled its service by adding a second daily flight to Seattle while American has increased overall 2019 capacity by 13% including launching nonstop flights to New York-JFK in February. United grew seats by 8% with additional frequencies or aircraft upgauges to Chicago, Denver and Newark.

Frontier Airlines has decreased capacity this fall 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 late August 2018, the YOY impact is now being experienced. Frontier continues to serve nine markets from SAT with added seats to many of them this year.

Airline	Seat Capacity Change	Passenger Change
Alaska Airlines	96.0%	70.4%
Allegiant Air	(53.4%)	(55.5%)
American Airlines	(2.3%)	(3.3%)
Delta Air Lines	6.1%	6.0%
Frontier Airlines	(42.9%)	(41.2%)
Southwest Airlines	(5.1%)	(7.6%)
Sun Country Airlines*	100.0%	100%
United Airlines	7.7%	(1.3%)

*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:

- 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
- 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: market adjustments due to 737MAX grounding from July forward
- United Airlines: increased year-round frequency to Denver in 2019 and frequency or gauge to Chicago in March 2019



INTERNATIONAL PASSENGERS

International traffic grew by nearly 6% in November on a 1.8% increase in scheduled capacity, with a total of 25,608 monthly departure seats. As noted earlier, this was due to added capacity to Guadalajara on Interjet as well as seasonal increases by Aeromexico and Interjet to Mexico City and Southwest to Cancun. This growth is an impressive feat given the current macro-level economic and political uncertainties that continue to strain demand between the U.S. and Mexico and suggests an improving international environment with demand outpacing supply.

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-hub in terms of total seat growth to Mexico year-end October 2019, while cities such as Austin and Houston-Hobby experienced a decrease in capacity to Mexico.

Airline	Seat Capacity Change	Passenger Change
Aeromexico	20.6%	12.1%
Interjet	9.9%	36.9%
Southwest*	100%	112.1%
United*	N/A	N/A
Volaris	(1.4%)	(2.2%)

*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 fall/winter schedule at SAT. American will temporarily suspend their Philadelphia flight in early January while Southwest will temporarily suspend service to Oakland in early January with both flights scheduled to resume in March. In addition, Southwest will continue to reduce frequencies to a few other SAT markets as they work to mitigate the negative MAX impact. 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 December, American will add a second seasonal frequency to their global hub in Miami. The flight will flown on an Embraer 175 aircraft and will provide more options for those looking to escape to Florida, Caribbean or Latin America during the colder winter months.

Next summer, Southwest plans to expand service at SAT with additional frequencies to seven markets while adding **NEW** Saturday only service to Albuquerque. Expanded markets include Atlanta, Chicago-Midway, Denver, Houston-Hobby, Los Angeles, Nashville and St. Louis. While the service to Albuquerque is seasonal and less-than daily, Southwest often tests the viability of new markets by offering a limited schedule. If initial performance is positive, additional frequency is likely.

This year, Sun Country Airlines, a new carrier for SAT, launched **NEW** nonstop, seasonal service to Las Vegas Minneapolis and Portland, OR. As a previously 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 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 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.



EXHIBIT A

San Antonio International Airport Passenger & Air Cargo Activity Summary Report

	November			Calendar Year-to-Date		
	2019	2018	% Change	2019	2018	% Change
Passengers						
Domestic Enplanements	409,456	423,889	-3.4%	4,543,367	4,398,351	3.3%
Domestic Deplanements	406,060	428,303	-5.2%	4,511,418	4,397,099	2.6%
Total Domestic Passengers	815,516	852,192	-4.3%	9,054,785	8,795,450	2.9%
Intl Enplanements	19,153	18,152	5.5%	205,802	186,676	10.2%
Intl Deplanements	19,483	18,354	6.2%	214,367	186,848	14.7%
Total Intl Passengers	38,636	36,506	5.8%	420,169	373,524	12.5%
Grand Total All Passengers	854,152	888,698	-3.9%	9,474,954	9,168,974	3.3%
Air Cargo (in Pounds)						
Domestic Freight Enplaned	6,211,085	6,789,755	-8.5%	75,416,104	73,371,270	2.8%
Domestic Freight Deplaned	8,799,206	9,469,622	-7.1%	102,009,765	97,787,885	4.3%
Total Domestic Freight	15,010,291	16,259,377	-7.7%	177,425,869	171,159,155	3.7%
Intl Freight Enplaned	745,041	729,838	2.1%	9,110,592	6,429,039	41.7%
Intl Freight Deplaned	337,013	281,915	19.5%	2,582,996	2,541,799	1.6%
Total Intl Freight	1,082,054	1,011,753	6.9%	11,693,588	8,970,838	30.4%
Total Freight	16,092,345	17,271,130	-6.8%	189,119,457	180,129,993	5.0%
Mail Enplaned	1,758,144	2,152,495	-18.3%	22,158,087	25,613,255	-13.5%
Mail Deplaned	3,664,001	3,802,962	-3.7%	42,064,630	42,399,517	-0.8%
Total Mail	5,422,145	5,955,457	-9.0%	64,222,717	68,012,772	-5.6%
Grand Total All Air Cargo	21,514,490	23,226,587	-7.4%	253,342,174	248,142,765	2.1%

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