



The next European opportunity for Avianca: Brussels

Bogota
2 May 2019



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WELCOME TO BELGIUM

BELGIUM: THE HEART OF EUROPE

Country	Residents mio
1. Germany	82.8
2. France	67.3
3. UK	66.0
4. Italy	60.5
5. Spain	47.8
6. Netherlands	17.3
7. Belgium	11.5
8. Portugal	10.3
9. Sweden	10.2
10. Austria	8.8
11. Switzerland	8.3
12. Denmark	5.9
13. Finland	5.5
14. Norway	5.3
15. Ireland	4.9



CATCHMENT AREA STRENGTH

15+ MILLION PEOPLE
WITHIN 90 MINUTES



Residents (m)	60 min.	90 min.	120 min.
BRU	7.6 (#3)	15.2 (#2)	25.4 (#2)
AMS	7.1	12.1	18.0
CDG	9.9	13.9	18.0
CPH	2.3	3.2	4.0
FRA	6.0	10.7	18.1
DUS	10.5	18.9	28.9
MUC	3.7	6.5	10.8
VIE	2.9	4.7	7.1
ZRH	3.2	5.8	9.2

ECONOMIC POWERHOUSE BELGIUM

7th

in-/export
country in the EU



European
HQ's & EDC's



Europe's 2nd
largest exporter of
pharmaceuticals



ANTWERP

2nd Largest
port in
Europe

Largest
petrochemical
cluster worldwide

World's
diamond
capital



THE CAPITAL OF EUROPE



European Union

*European Commission,
European Parliament...*



Intergovernmental organisations

*such as NATO, Eurocontrol,
the World Customs Organisation...*



1st conference city in Europe

2nd worldwide



TOURISM: ART CITIES, FOOD & FESTIVALS

BELGIUM

+8.4 Million foreign visitors

13 UNESCO heritage sites

Fine art:

Breughel, Rubens, van Eyk...

Gastronomy

Military heritage:

3,000 battlefields,
Great War Centennial

Largest number of
cartoonists in the world

260 breweries &
1,500 kinds of beer

+2,000 chocolate shops

BRUSSELS

Grand Place,
Atomium, home of
Art Nouveau

ART CITIES

30-60 minutes
away

Ghent, Bruges:
medieval canals
and castles

Antwerp: diamond
capital of the world



THE NETHERLANDS & FRANCE

Netherlands

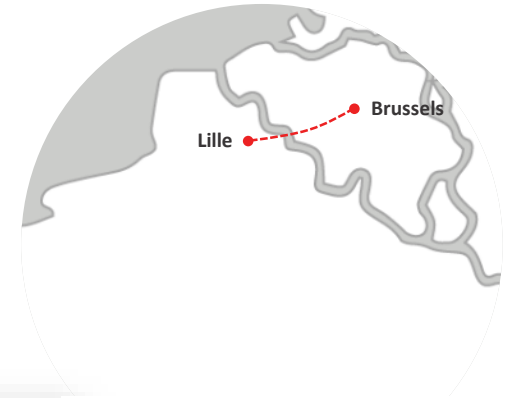
600k Pax



City	Train	Car	Flixbus
Amsterdam	2h40	2h15	3h30
The Hague	2h10	1h50	--
Rotterdam	1h30	1h30	2h30
Breda	1h10	1h15	--

France

600k Pax



City	Train*	Car	Flixbus/ OUIbus
Lille	1h10	1h20	2h10

* one-stop

The background is a solid red color with several large, overlapping, abstract white shapes that resemble stylized, flowing forms or perhaps a map outline. These shapes are positioned primarily on the left and center of the frame.

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BRUSSELS AIRPORT

BRUSSELS AIRPORT: STATE OF THE ART

1 Terminal

2 Concourses

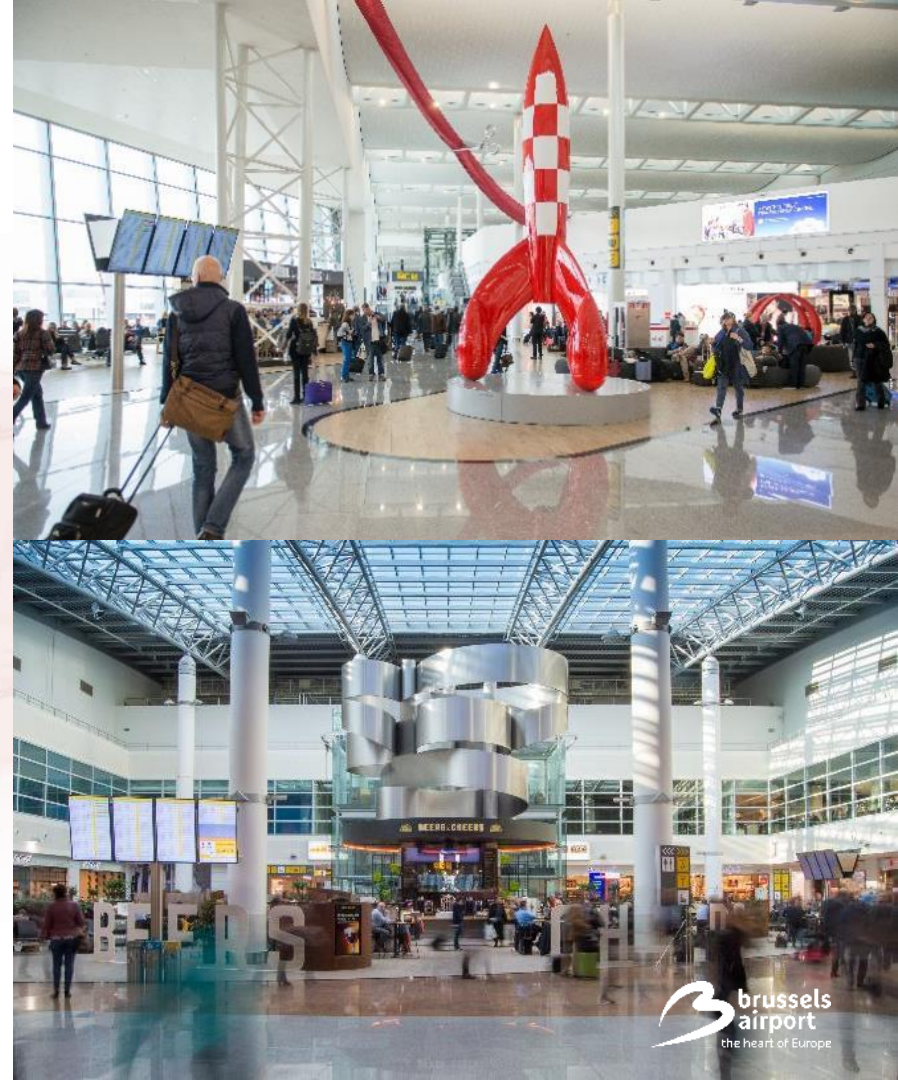
57 Contact gates

22 Bus gates

3 Runways

74 Movements per hour

Short taxi times



BRUSSELS AIRPORT: FOCUS ON EFFICIENCY

APOC – Airport Operational Center

All airport partners in one control center

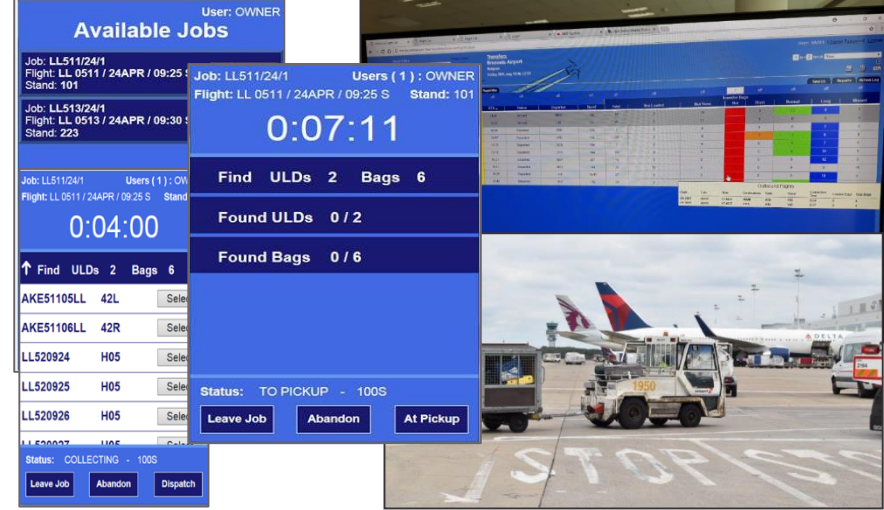
Pro-active management, ensure efficiency, and facilitate communication to coordinate aircraft, passengers, baggage and accessibility



Airport Operations Plan

Single common and collaboratively agreed plan, a first in Europe

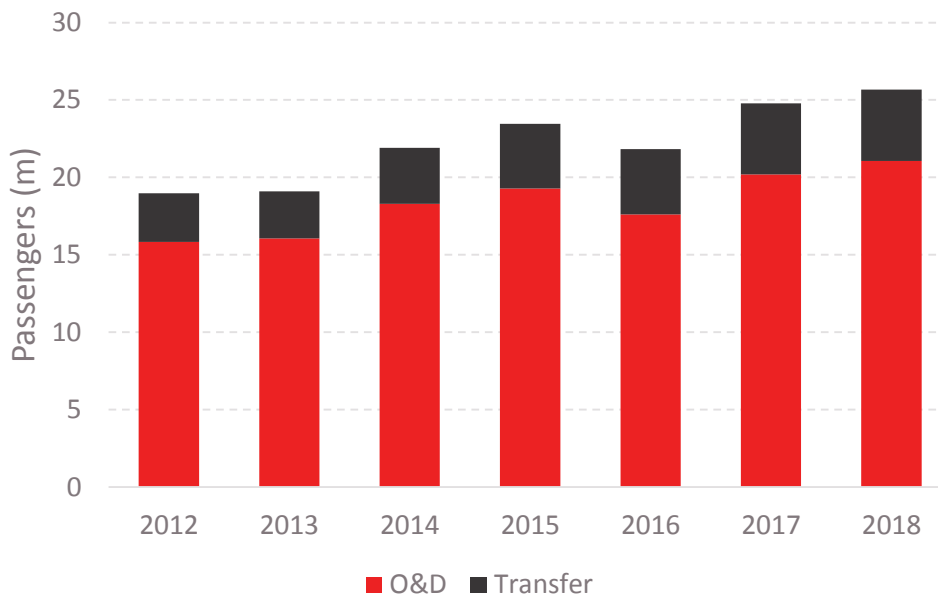
Immigration planning, check-in desk configuration, reclaim belts, actual passenger forecast, winter operations, transfer flows, bag tracking, bussing, PRM..



BRUSSELS AIRPORT PASSENGER TRAFFIC

All time high of
25.7m passengers in 2018

Continuing growth in number of O&D passengers showing the strength of the Belgian travel market




BRUSSELS AIRPORT PROFILE: 25.7 MILLION PAX


212
destinations



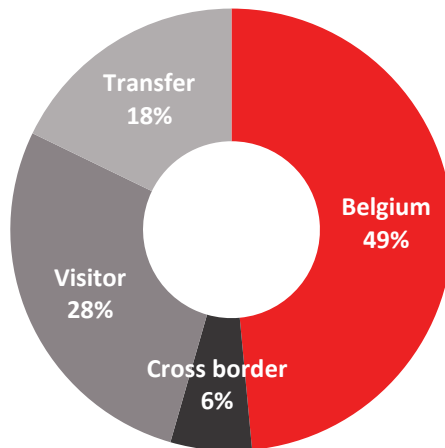
87
countries



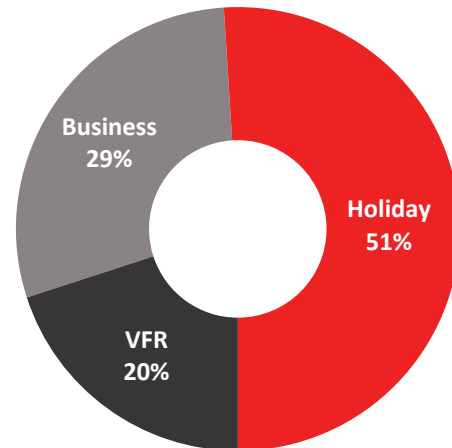
66
passenger
airlines



Residence



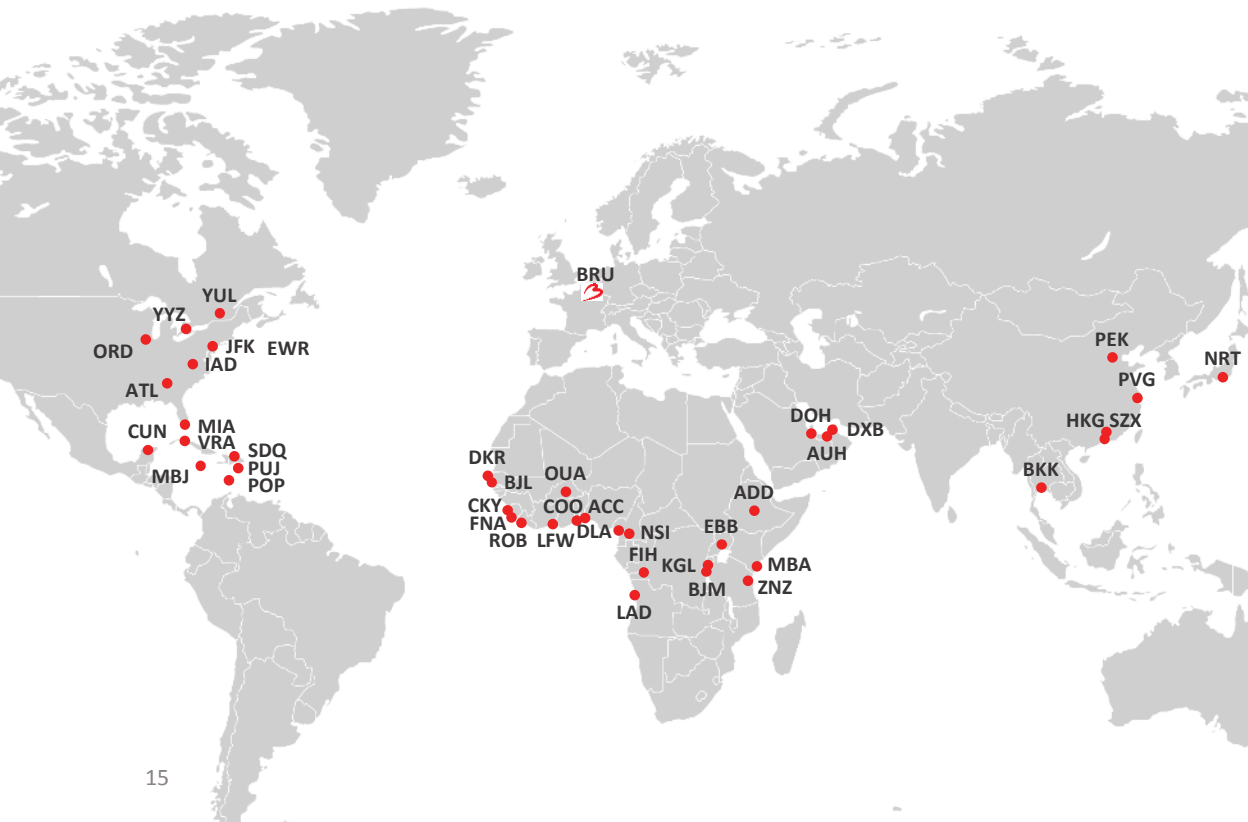
Travel reason



67 PASSENGER AIRLINES



LONG HAUL NETWORK 2019



AIR CANADA 

 air transat

 ANA

 brussels airlines

 CATHAY PACIFIC

 DELTA

 Emirates

 ETIHAD AIRWAYS

Ethiopian 
የኢትዮጵያ

 海南航空
HAINAN AIRLINES

QATAR 
AIRWAYS القطرية

 RwandAir

 THAI

 TUI

UNITED 

 brussels airport
the heart of Europe

PREFERRED CARGO HUB

7th largest regular cargo airport in Europe and pharmaceutical specialist: 730,000 tonnes cargo

One third of cargo is transported as **belly freight** on (long haul) passenger flights

DHL Express cargo hub at BRU.

Full cargo operators include:



For reliable and transparent transportation of your pharmaceuticals, Brussels Airport is your ideal partner with the highest concentration of CEIV Pharma certified companies and specialised staff in Europe. You have a choice of CEIV Pharma certified partners and regulator approved partners at BRUcargo for fast, reliable, safe and secure handling of your pharmaceuticals. For more information: **Brussels Airport:** brucargo@brusselsairport.be
IATA: ceiv-pharma@iata.org



www.brusselsairport.be
www.brucargo.be

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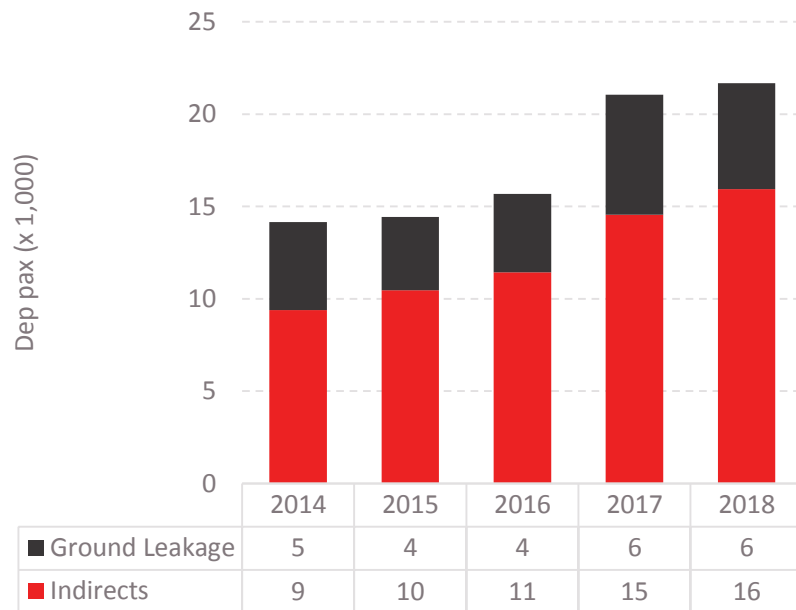
GROWING DEMAND FOR TRAVEL BETWEEN BELGIUM & COLOMBIA

BELGIUM – COLOMBIA O&D

Demand for travel between Belgium and Colombia continues to grow in 2018: close to 22,000 one-way passengers

Continued growth of **indirect flows** as more indirect options become available

Ground Leakage to neighbouring airports represents 26% of market (PoS BE), as KLM & Air France increase offer



Source: Brussels Airport data
Ground Leakage estimate based on Sabre MI data

CALCULATION MODEL: GROUND LEAKAGE

Thanks to **Belgium's** strategic location in the heart of Western Europe, travellers have a choice of airports to use. Brussels Airport is located closest to Brussels city, but alternative airports include AMS, CDG, DUS and FRA.

When calculating **O&D demand** from & to Belgium, only taking into account traffic from & to BRU is an **underestimation** of true demand

“**Ground leakage**” is calculated based on Sabre MIDT data (point of sales = Belgium)

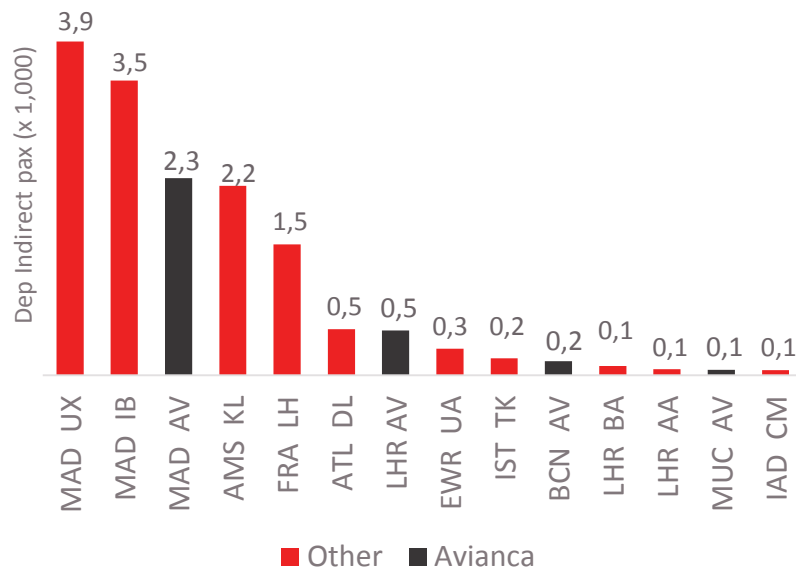


BRUSSELS – COLOMBIA INDIRECT FLOWS (2018)

By far the largest indirect flows from Brussels Airport to Colombia are on **Air Europa**, followed by **Iberia** & **Avianca**

Stats do not include ground leakage, so KLM & Air France market shares are underestimated

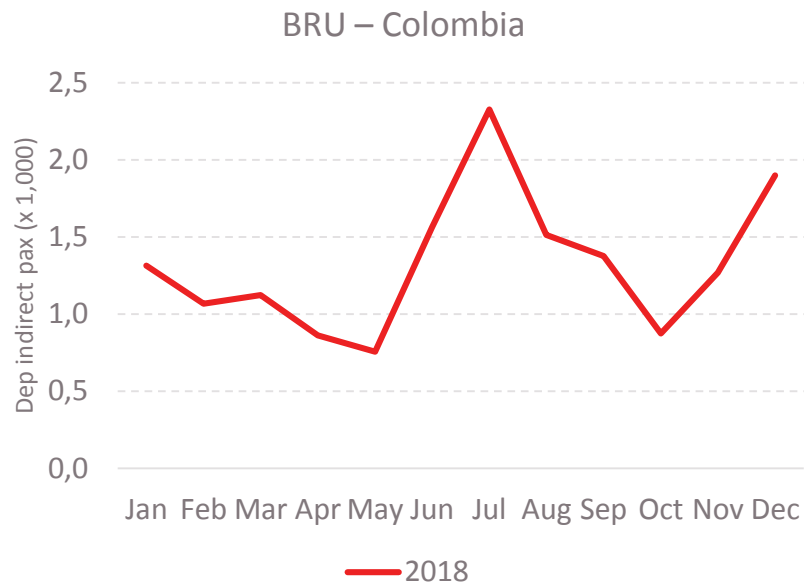
Connections from BRU onto Avianca flights to Colombia flow mainly over MAD



BRUSSELS – COLOMBIA SEASONALITY

Seasonality shows peak departure month from BRU in July and secondary departures peak in December

Ground Leakage not included in graph

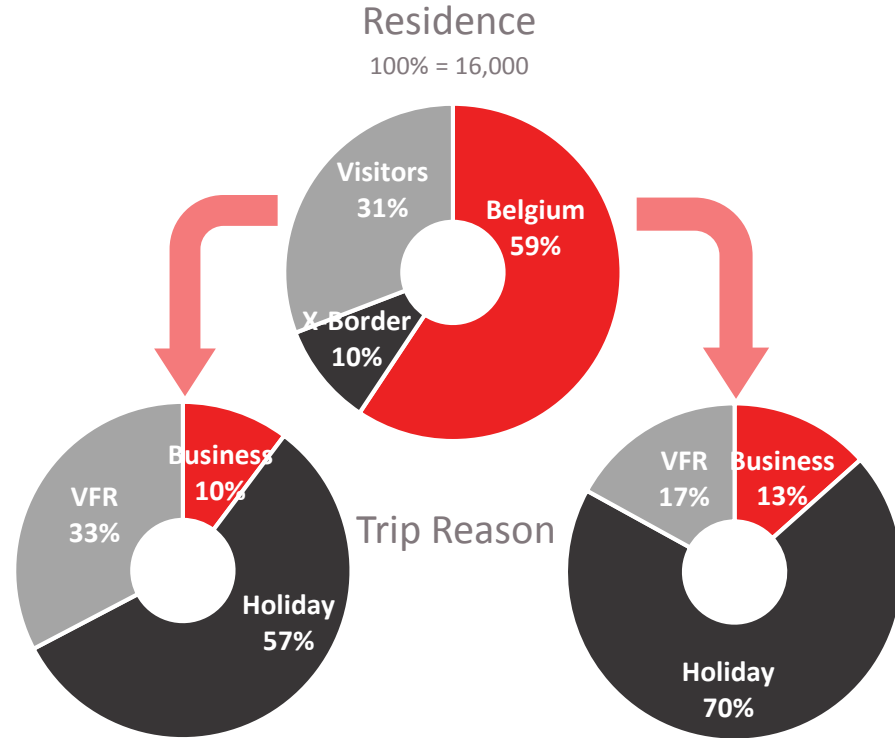


BRUSSELS – COLOMBIA PASSENGER PROFILE (2018 DATA)

Profile of passengers travelling between Brussels Airport and Colombia (indirect flows)
(source: Brussels Airport surveys)

Dominated by traffic **outbound** of the BRU catchment area (outbound flows 69%)

Share of indirect passengers traveling for **business** reasons is 12%













BELGIUM – COLOMBIA MARKET SHARE BY AIRLINE

Table shows **share of passengers by marketing airline** for tickets sold in Belgium for departure to Colombia. Based on Sabre MI

Avianca share has decreased significantly: now 8% of tickets sold in Belgium. Expected to rise again in 2019 as new Munich route offers new indirect Avianca option

Table shows the strength of **Air France** & **KLM** in the Belgian market (33% market share), in addition to the announced JV with **Air Europa**.

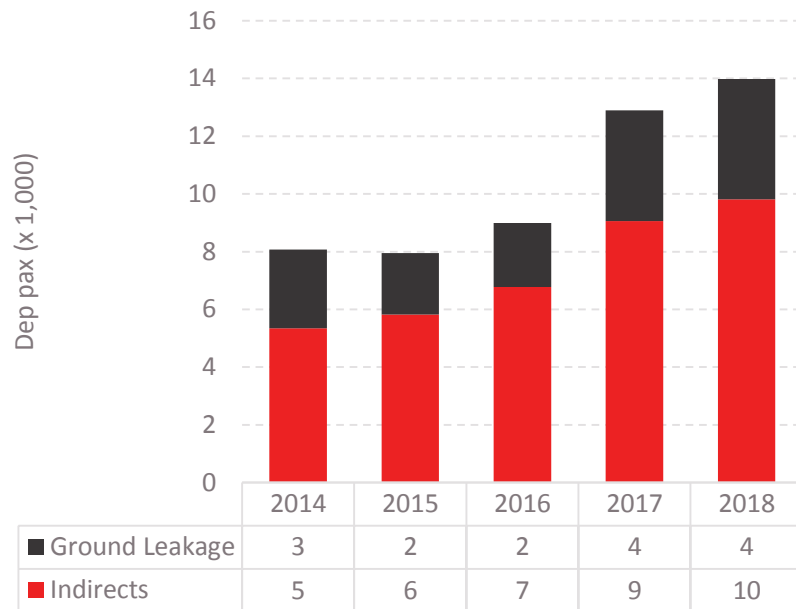
	2015	2016	2017	2018
 KLM	16%	18%	17%	20%
 IBERIA	23%	15%	18%	20%
 AirEuropa	0%	18%	19%	18%
 AIRFRANCE	11%	12%	16%	13%
 Lufthansa	19%	14%	12%	12%
 Avianca	17%	13%	7%	8%
 American Airlines	5%	5%	8%	5%
 UNITED	1%	1%	1%	1%
 TURKISH AIRLINES	0%	2%	2%	1%
 AIR CANADA	0%	0%	0%	1%

BELGIUM – BOGOTA O&D

Total O&D of more than **14,000 one-way** passengers in 2018

Indirect flows over Madrid, Frankfurt & Amsterdam

Share of **Ground Leakage** even higher than on overall Colombia market: represents 30% of market (Sabre MIDT data for Point-of-Sales Belgium)



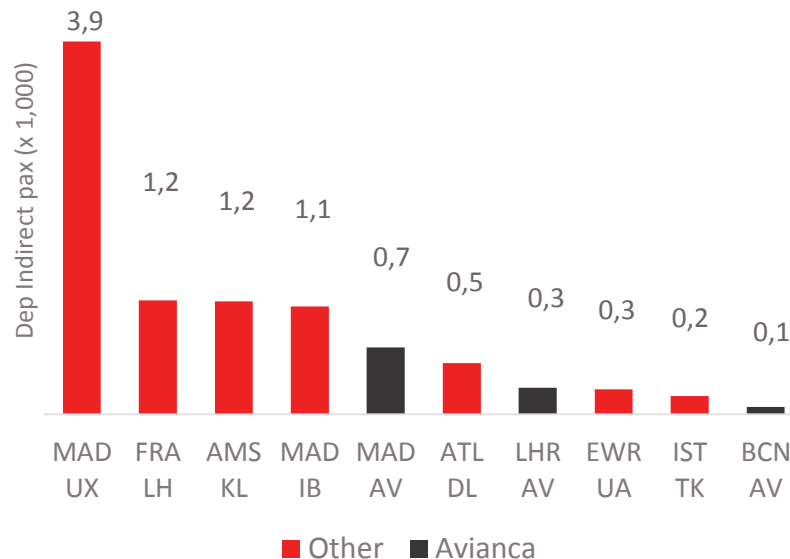
Source: Brussels Airport data
Ground Leakage estimate based on Sabre MI data

BRUSSELS – BOGOTA INDIRECT FLOWS (2018)

Top 3 indirect flows from Brussels Airport to Bogota are on **Air Europa**, **Lufthansa** and **KLM**

Stats do not include ground leakage, so KLM & Air France market shares are underestimated

Connections from BRU onto Avianca flights to Bogota flow mainly over MAD & LHR

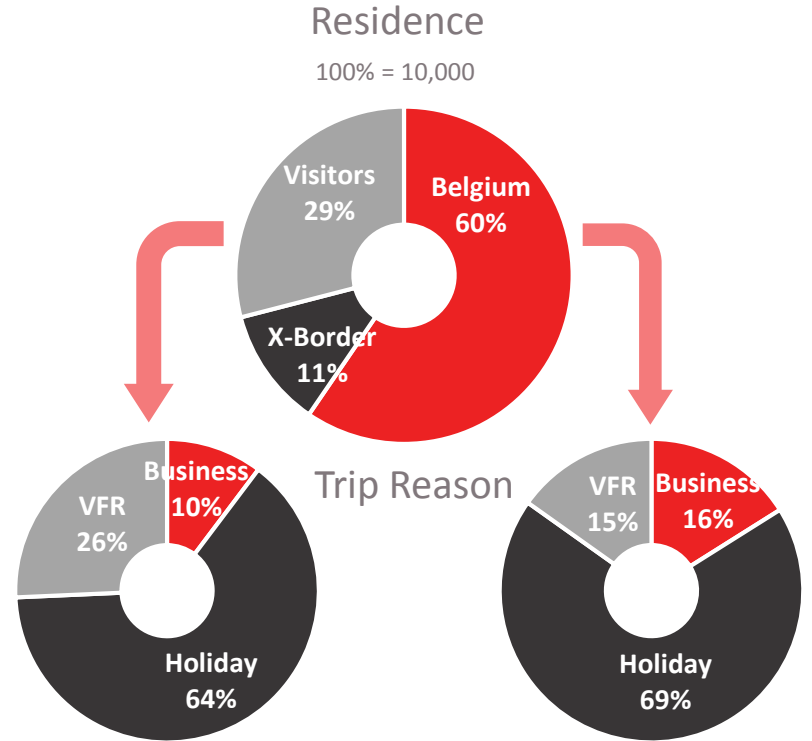


BRUSSELS – BOGOTA PASSENGER PROFILE (2018 DATA)

Profile of passengers travelling between Brussels Airport and Bogota (indirect flows)
(source: Brussels Airport surveys)

Well-balanced directionality, with strong inbound flows (54%)

Of the indirect passengers travelling from Brussels Airport to Bogota, 14% is travelling for **business** reasons.

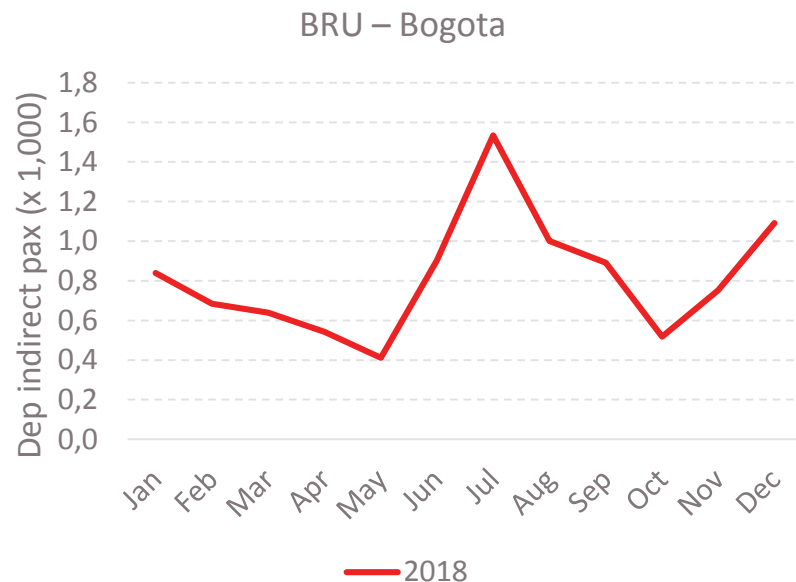


BRUSSELS – BOGOTA SEASONALITY

Seasonality shows a distinctive **departures peak** from BRU in July & December

Solid year round demand, even outside peak months proves potential for year round nonstop flights

Ground Leakage not included in graph




BOGOTA... AND BEYOND

A new Avianca direct service from BRU to Bogota with convenient connections to other cities in Colombia is expected to significantly **stimulate demand** on 1-stop itineraries

Outside of Bogota, most significant demand to **Medellin, Cali** and **Cartagena**

Leakage estimate based on Sabre MIDT data





	Direct	Indirect	Leakage	Total
Bogota	-	9,800	4,300	14,100
Medellín	-	2,600	500	3,100
Cali	-	1,700	300	2,000
Cartagena	-	600	250	850
Barranquilla	-	300	250	550
Pereira	-	400	100	500
Bucaramanga	-	150	-	150
Santa Marta	-	150	-	150
Colombia				22,000

LARGE MARKET FOR TRAVEL TO SOUTH AMERICA

Direct service from BRU to Bogota can also serve attractive **6th freedom markets** to other Latin American countries such as, Ecuador, Peru Chile or Panama

Unserved by direct flights, a convenient connection at BOG will immediately capture significant market share

Market for travel between Belgium and Latin American countries remains unstimulated by direct flights

	Direct	Indirect	Leakage	Total
Lima	-	11,500	7,500	19,000
Cusco	-	200	150	350
Peru				19,600
	Direct	Indirect	Leakage	Total
Quito	-	7,100	1,400	8,500
Guayaquil	-	3,300	1,000	4,300
Ecuador				12,800
	Direct	Indirect	Leakage	Total
Santiago	-	8,600	6,000	14,600
Chile				15,100
	Direct	Indirect	Leakage	Total
San José	-	6,500	5,500	12,100
Costa Rica				12,500

GROWTH OF LATIN AMERICAN TOURISM TO BELGIUM

Latin American tourism to Belgium returns to its growth trajectory in 2017 & 2018, with number of visitors from Argentina (+8.5%) and Chile (+17%) again growing strongly in 2018

	Visitor arrivals in Belgium (2018 estimate based on first 10 months)
Brazil	70,000
Argentina	38,000
Colombia	15,000
Chile	12,000
Peru	6,000



CONNECTIVITY BEHIND BRU

Large number of potential **Star Alliance partner airlines** serving Brussels Airport on a regular basis offer many interlining and cooperation options

BRU network offers convenient and frequent access to Northern Europe, Eastern Europe, UK regions and French regional destinations

Partner airlines include Lufthansa-group member **Brussels Airlines** and other Star Alliance carriers



Map only shows relevant connections for BOG-BRU flight

JOINTLY ATTRACTING PAX FROM THE NETHERLANDS

With direct flights to Brussels, Avianca can expect to attract 2,000 – 3,000 passengers p.a. from The Netherlands

Examples of airlines offering long haul flights from BRU:

Airline	BRU pax with Residence = Netherlands	Airline	BRU pax with Residence = Netherlands
Air Canada	1,400	Emirates	5,800
Air Transat	500	Etihad Airways	3,500
ANA*	500	Hainan Airlines*	3,300
Brussels Airlines (to: Africa) *	5,800	Qatar Airways	4,200
Brussels Airlines (to: North America) *	2,100	THAI Airways Int'l *	2,500
Delta Air Lines	4,500	TUI fly (to: Caribbean)	6,900
Ethiopian Airlines*	2,300	United Airlines	2,000

brussels airport
the heart of Europe

De slimste Hollander vertrekt vanaf Brussel

Brussels Airport biedt 217 bestemmingen en is dichterbij dan je denkt
brusselsairport.nl

EUROPE – SOUTH AMERICAN MARKETS

2018 O&D	BRU	MUC	ZRH	FRA	VIE
Colombia (total)	15,900 + 5,800 = 21,800	14,700 *	15,200	26,400 *	6,200
Bogota	9,800 + 4,300 = 14,100	10,400 *	9,300	18,700 *	3,900
Beyond Colombia	43,900 + 24,900 = 68,800	39,400	56,700	87,500	20,800
Peru	11,900 + 7,700 = 19,600	9,900	9,600	18,500	5,900
Ecuador	10,400 + 2,300 = 12,800	4,200	4,800	7,300	2,100
Chile	9,100 + 6,000 = 15,100	10,500	10,500	26,000 *	5,400
Costa Rica	6,700 + 5,800 = 12,500	8,900	25,100 *	19,900 *	3,900
Panama	2,600 + 1,200 = 3,800	3,900	3,800	12,000	2,100
Venezuela	1,200 + 500 = 1,700	1,000	1,200	1,700	800
Guatemala	2,000 + 1,400 = 3,400	1,000	1,700	2,100	600
Behind EU hub	Nordics, Germany, France, UK, Central Europe, Italy	Italy, Germany	Central Europe	Italy, Germany, Central Europe	Overlap with LH services ?

* Served & stimulated by direct flights

Source: BRU: Brussels Airport indirect data + leakage estimate = total O&D
Other airports: Sabre MI (MIDT data)

The background is a solid red color with several large, overlapping, semi-transparent white shapes that resemble stylized, flowing lines or abstract forms. These shapes are positioned primarily on the left and center of the frame, creating a sense of movement and depth.

4

DETAILED SIMULATION

BOGOTA – BRUSSELS: UNCONSTRAINED SIMULATION

Proven **simulation** tool allows us to estimate demand and apply expected market share for each flow

Point-to-point BOG – BRU

Beyond BOG: easy connections from BRU via BOG to cities in Colombia and beyond

Behind BRU: connections on partner airlines to other cities in Northern/Western Europe

“**Bridge**” flows connecting in both BRU and BOG

	Current potential	Potential after stimulation		Market share of nonstop flight			Total potential demand
P2P	14,000	+60% *	20,000	65%	13,100		13,100
Beyond BOG	235,000	+10% or +40%	249,000	12.4%	30,800	- connections	27,000
Behind BRU	429,000	--	429,000	1.7%	7,400	- connections	5,500
Bridge	7,281,000	--	7,281,000		6,200	- connections	2,400
TOTAL							48,000

* Stimulation applied on indirect traffic for P2P market and relevant Colombian & 6th freedom markets

Market shares of Behind & Beyond markets based on AV's MUC-BOG flight

BOGOTA – BRUSSELS SIMULATION: 4 WEEKLY FLIGHTS

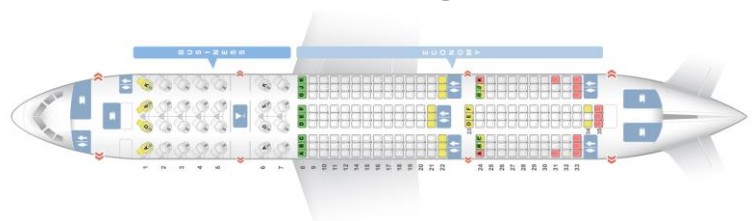
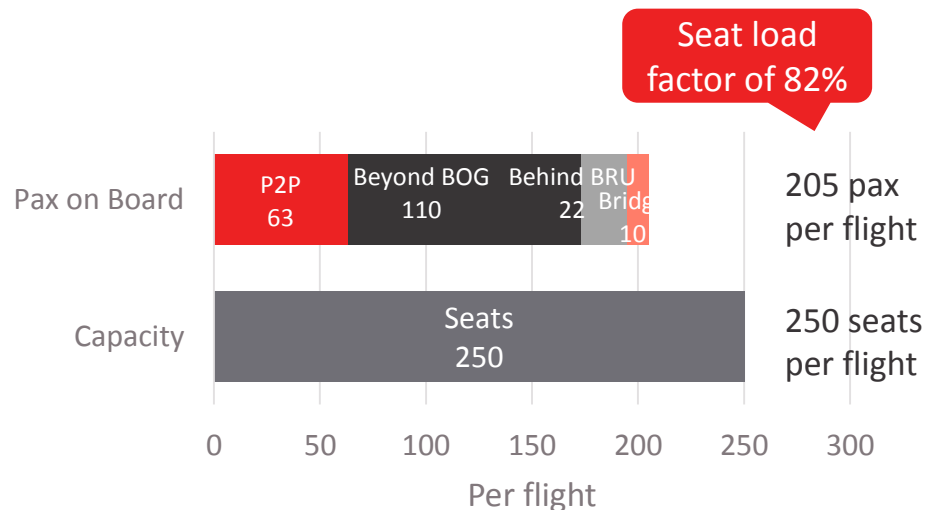
Unconstrained potential of 47,893 one-way pax p.a.

Assumptions:

B787-8 (28C/222Y)

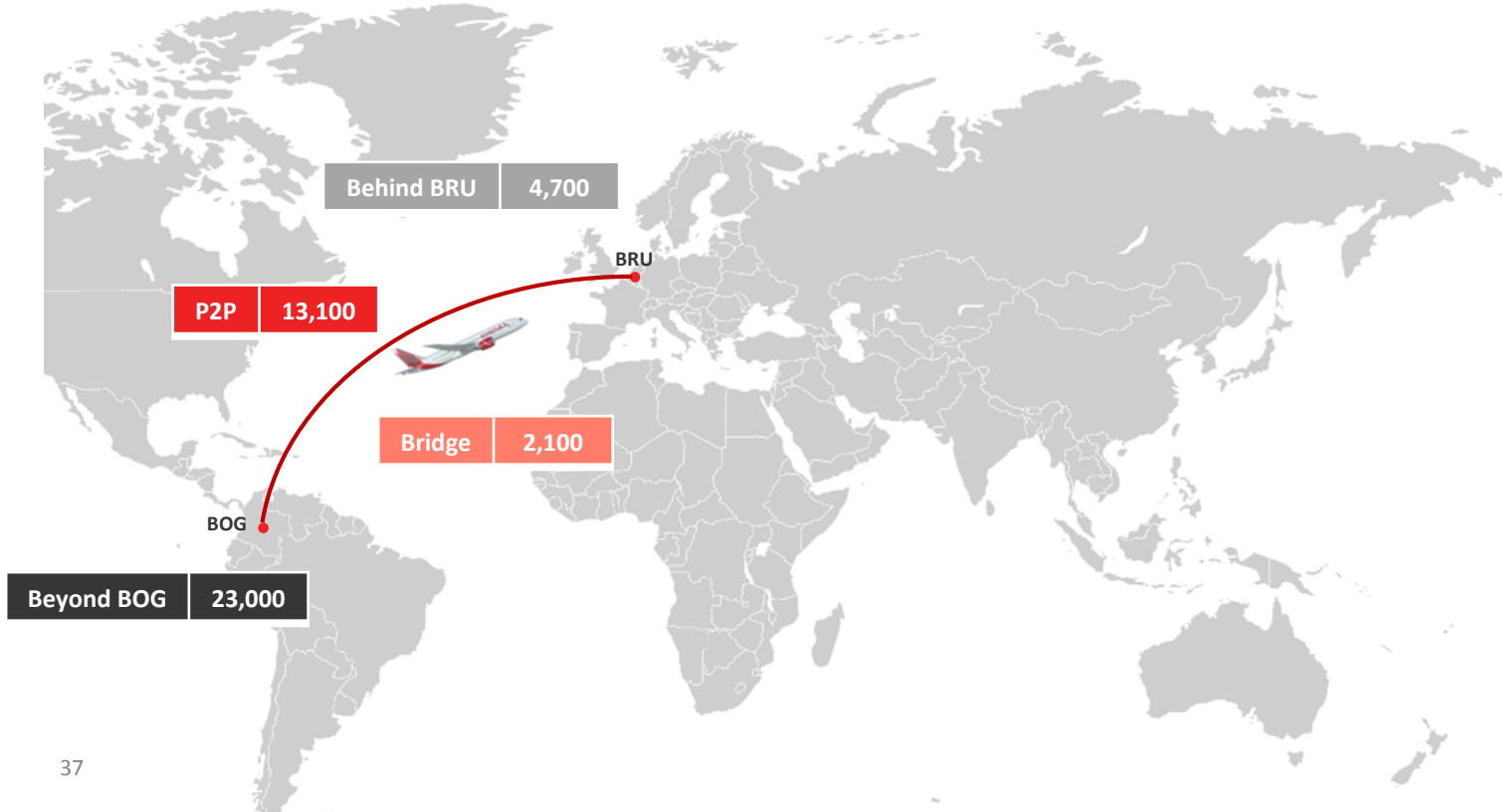
Year round **4 weekly operation**

	Projected pax (demand)	Available seats (supply)	Achievable pax volumes *
Business class	2,940	5,840	2,940
Economy class	44,953	46,307	39,871
TOTAL	47,893	52,147	42,811



* Taking into account seasonality

BOGOTA – BRUSSELS SIMULATION: 4 WEEKLY FLIGHTS (2)





4

PARTNERSHIP

AVIATION DEVELOPMENT

Brussels Airport's **Aviation Development team** supports airlines with:

- Market analysis/studies
- New Route & Growth Incentives Schemes
- Marketing actions to support the launch of new routes
- Marketing budgets to promote our existing network of direct flights
- Brussels Airport marketing campaigns and communication towards:
 - Consumers
 - Travel trade
 - In Belgium, the Netherlands and France

Three times winner of the **World Routes Marketing Award**

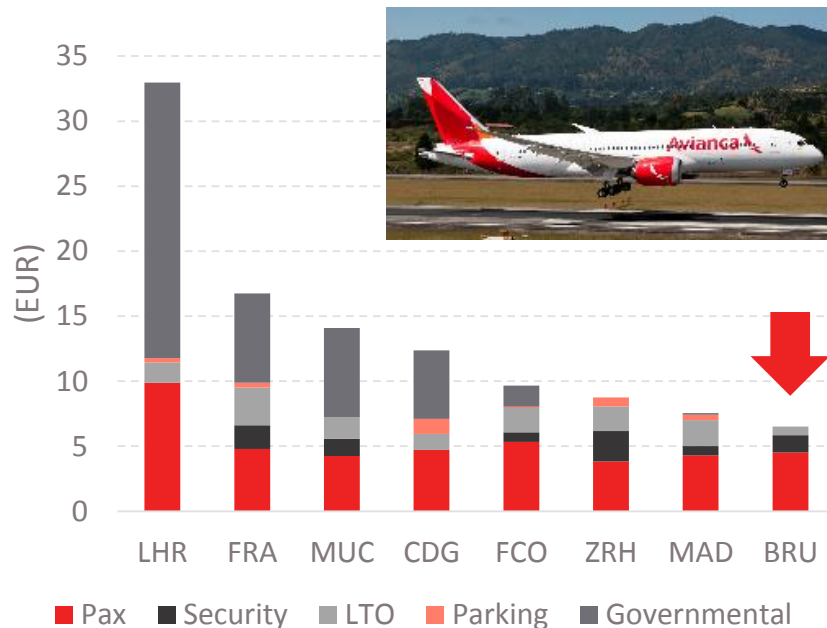


ATTRACTIVE AIRPORT CHARGES

Graph shows a comparison of applicable airport charges at an Avianca **benchmark** of European airports

Graph shows cost for one **typical rotation** of an Avianca B787-8
250 seats, 82% seat load factor, 16% connections, 3hr rotation

Results show airport charges at **Brussels Airport** are lower than at other airports in Europe, close to MAD airport level



NEW ROUTE INCENTIVE PROGRAMME

The Brussels Airport regulated airport charges scheme includes an attractive

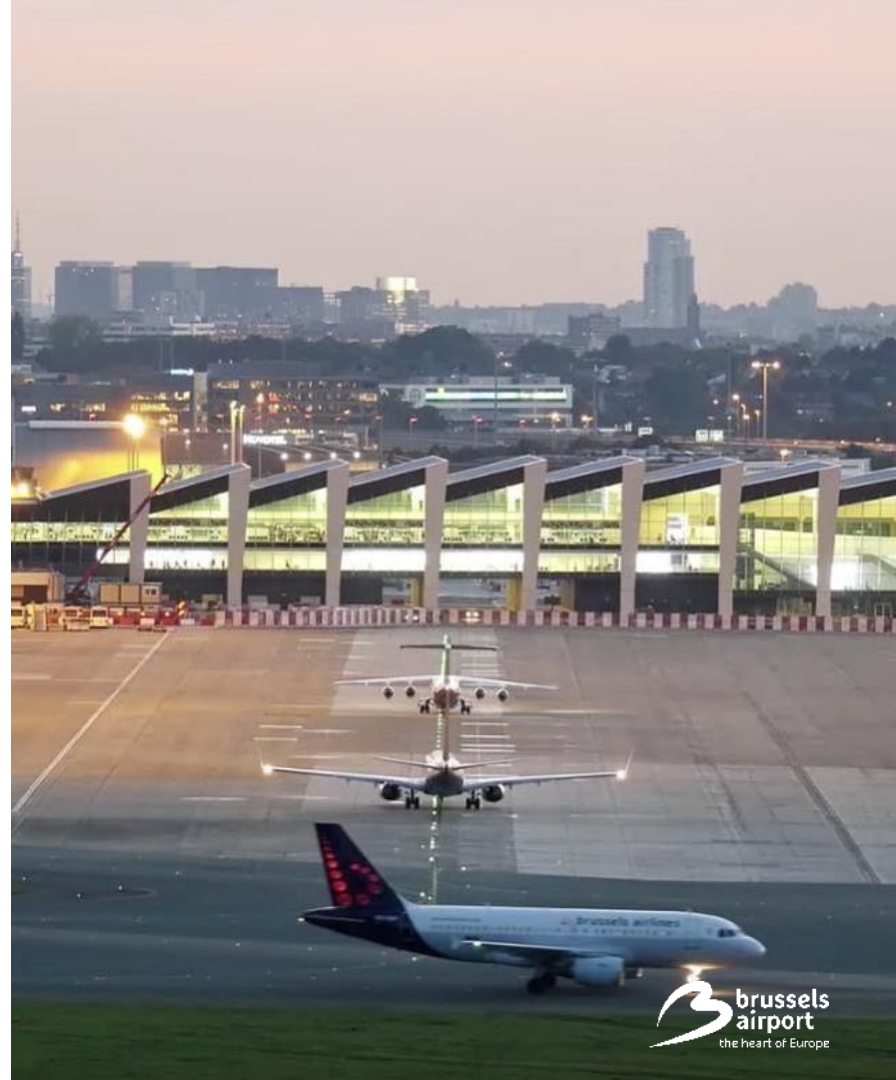
New Route Incentive Programme

- Incentive is a fixed (EUR) amount per departing passenger
- Calculation after the end of each IATA season
- Credited towards future airport charges

Incentive rebate over 3 years for a new BRU – BOG route would amount to **1.2m EUR**

New Route Incentive Scheme, as part of the published Airport Charges
Launch of new unserved long haul route from Brussels Airport

(EUR)	Year 1	Year 2	Year 3
Rebate per			
departing Local pax	15 EUR	10 EUR	5 EUR
departing Transfer pax	7.5 EUR	5 EUR	2.5 EUR



5

SUMMARY & CONCLUSIONS

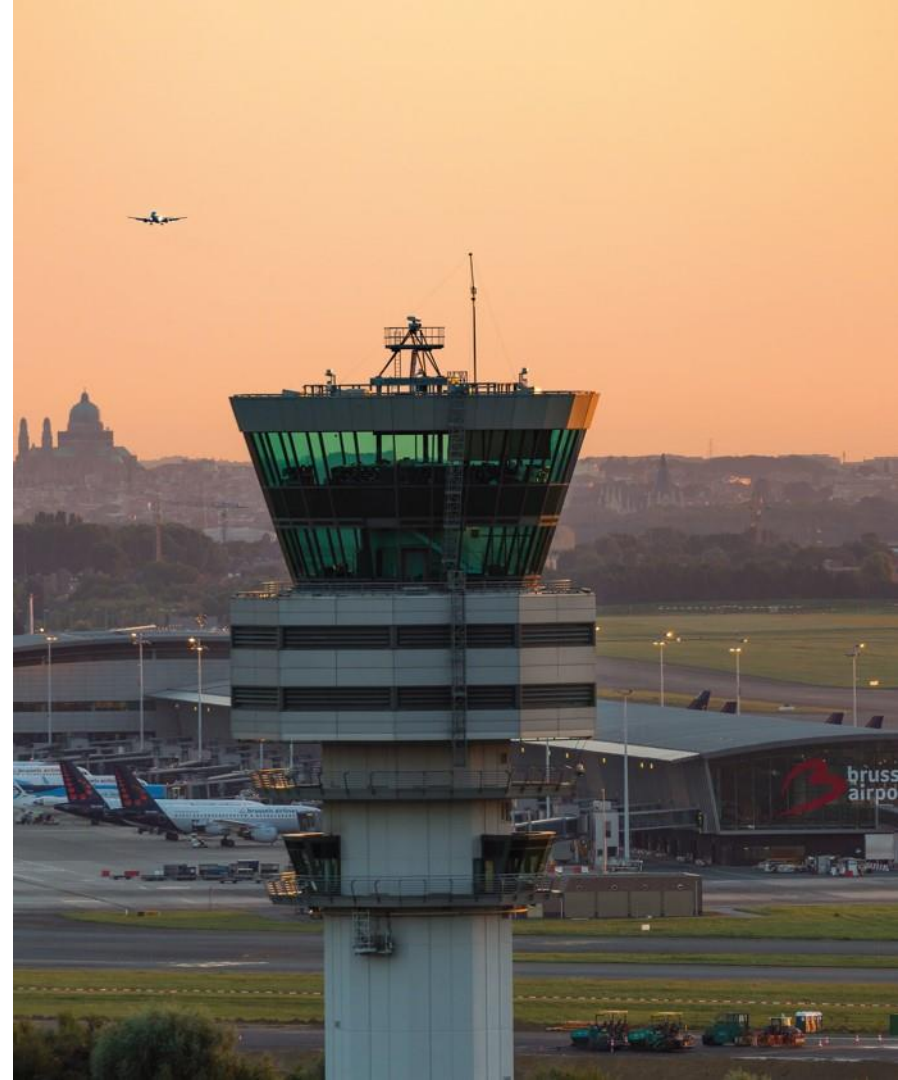
BRUSSELS AIRPORT: THE HEART OF EUROPE

Located at the heart of Europe, Belgium is the gateway to the **European Union**.

Direct flights to Brussels Airport serve a densely populated **catchment area** including:

- Brussels, capital of Europe
 - Belgium, one of Europe's most open economies
 - The northern part of France and southern part of the Netherlands
-

Thanks to continued investments in passenger experience and its **focus on efficiency**, Brussels Airport is one of Europe's preferred long haul gateways



THE OPPORTUNITY FOR AVIANCA

Brussels offers an unserved market with significant **O&D demand** from South America:

- Belgium – Bogota & – Colombia
- 6th freedom flows from Peru, Chile, Ecuador, Central America, etc
- At the heart of Western Europe, between rival hubs

Access to the **Star Alliance** network

If Avianca is considering adding BOG – BRU flights, a generous package of **incentives & marketing support** is available





Thank you