

4. Operational and Management Capability

i. Operations and Maintenance Expertise

Experience with facilitating airport passenger growth via route development and marketing

Successful business cases

Natal: Successful partnership with local government

A recent success story of CAAP was that of the Natal International Airport.

Natal is a tourist city in northeastern Brazil, capital of a small state, which has suffered in recent decades a fall in the number of tourists and this have had a very negative economic impact for the revenues of the Rio Grande do Norte state. In order to solve this problem, a proper analysis was carried out through an alliance between the state government and the CAAP route development area. As a result of these studies, the government decided to reduce the rate of fuel for airlines under the condition of increasing the number of flights.

After the publication of the incentive decree, the main airlines operating in the country confirmed new routes and frequencies to qualify for the conditions and take advantage of the incentive. During the following two months, the frequencies increased to 54 more per week.

Airline	New Routes	Current operations	Growth
Azul	1 daily flight to Recife 1 daily flight to Confins 1 daily flight to Viracopos	1.978 departures	55%
Gol	2nd weekly frequency to Ezeiza 2 weekly flights to Galeão 1 daily flight to Brasilia 6 weekly flights to Congonhas 2 weekly flights to Goiania	3.252 departures	30%
Latam	1 daily flight to Brasilia 1 daily flight to Guarulhos	2.282 departures	32%

Guayaquil: International Expansion Project

The project team planned to increase the number of airlines operating in Guayaquil.

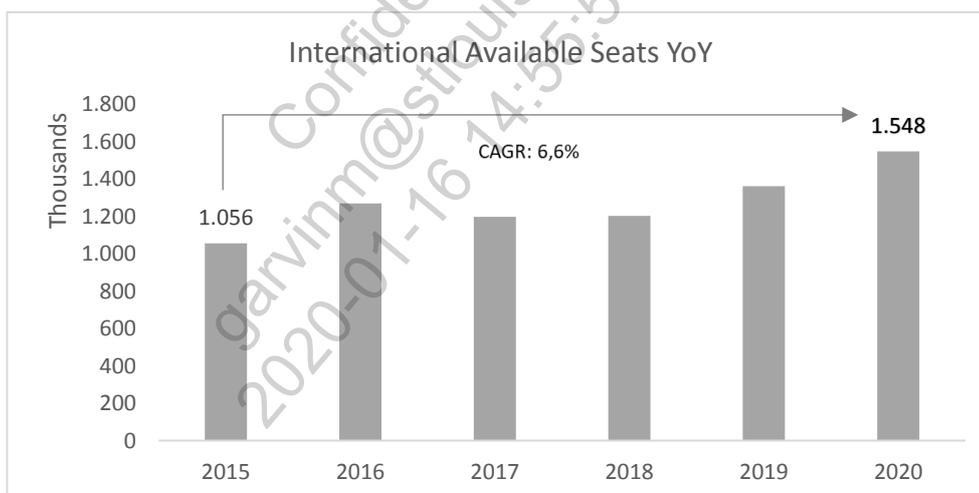
They developed the proper studies and structured the business cases. Both were presented and discussed with the airlines in order to align expectations and common interests. The main results obtained for the following years were:

- Avior began its operation to Barcelona Venezuela in October 2015;
- COPA increased its operation from 4 to 5 daily flights to Panama in 2015 and in March 2019 it increased it to 6 flights 3 times a week;

- TAME started its operation in New York in April 2016;
- Air Europa started operations in December 2016;
- Spirit began its flights to Fort Lauderdale in March 2018;
- Laser began its operation to Caracas in December 2018;
- JetBlue started its operation to Fort Lauderdale in March 2019;
- Aeromexico began operations in May 2019 to Mexico City;
- Interjet started operations in October 2019 to Mexico City and Cancun destinations;
- Plus Ultra began its operation in July 2019 Madrid-Quito-Guayaquil-Madrid;
- Wingo started two frequencies a week to Bogotá since August 2019;
- Avianca has incorporated its fourth daily flight to Bogotá since August 2019;
- JetBlue announced Guayaquil-New York, being Guayaquil the first place in South America with two destinations to the US with this airline;
- Iberia, will resume operations 4 times a week on the Guayaquil-Madrid-Guayaquil route in December 2019;
- American Airlines will start a daily flight to Dallas from December 2019;
- There will be 15 airlines operating international flights by December 2019.

There was an important increase in 2016 compared to the previous year, with the increase in the international offer by 20%.

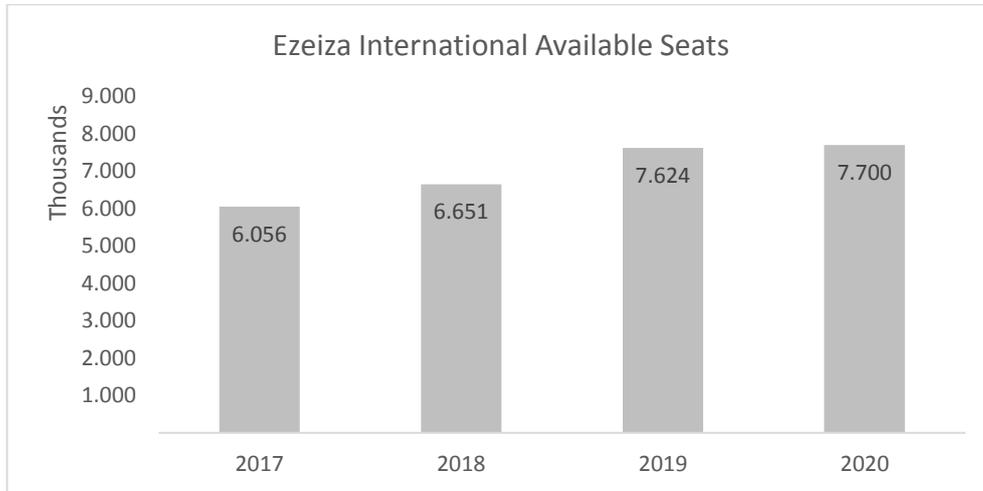
The growth of the available seats offer, from 2015 to 2020 represents a CAGR of 6.6%, that is to say, a total growth of 47% compared to 2015.



Source: CAAP, 2019.

Ezeiza: an international center

Regarding its centrality in the CAAP strategy for Argentina, it was extremely necessary the develop a specific plan for Ezeiza. The proposed plan purpose was the flight offer increasing. As a result, in 2018 three airlines began their operations in Ezeiza: Edelweiss, Ethiopian and Norwegian. This increased both the flight offer and flight destinations for passengers.



Source: CAAP, 2019.

Hubs management

Brasilia: Domestic hub in international expansion

Regarding expansion, the investments made to increase operational capacity focused on the main operational and service attributes. The main improvements since the beginning of the Brasilia concession have been the following:

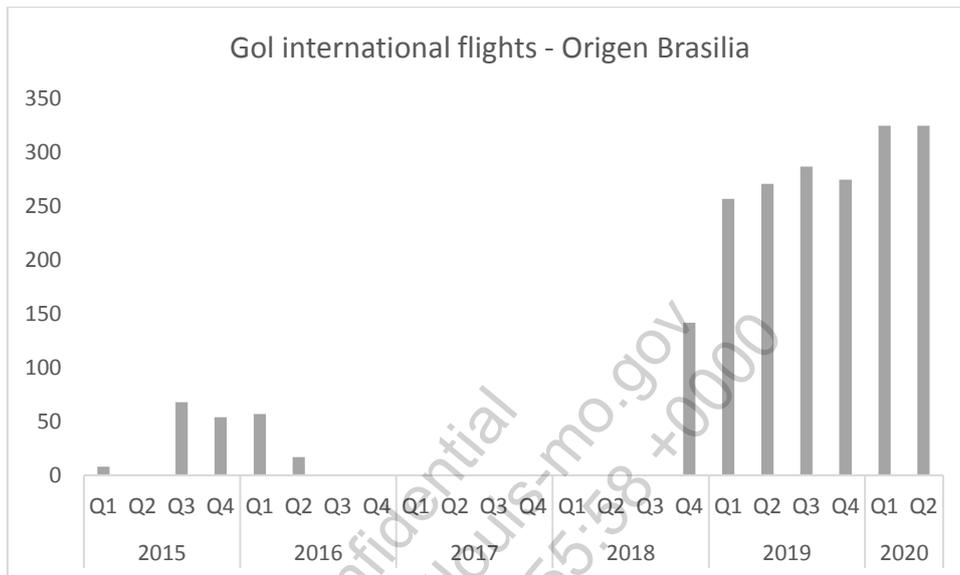
Attribute	2012	2019	Evolution
Operational Capacity	45 mov/h	64 mov/h	+ 42%
Boarding bridges	13 boarding bridges	31 boarding bridges	+ 130%
Terminal area	60,000 sqm	120,000 sqm	+ 100%
Boarding gates	25 gates	41 gates	+ 64%
Aircraft positions	41 positions	70 positions	+ 71%
Parking capacity	1.234 spaces	3.100 spaces	+ 151%

Source: CAAP, 2019.

Pisa: Hub of the main low cost airline in Europe

Being in the fifth year of the concession, the route network has expanded from 79 destinations to 88 with a total of almost 30 countries served. In 2014 there were 25 airlines operating in Pisa; In 2019 there already are 40. These results were achieved thanks to the institutional efforts aimed to obtain the desired improvements. The geographical position of Pisa is key to the connection of numerous routes in Europe, as can be seen in the following graphic.

In 2017 and 2018, CAAP and Gol structured an alliance to strengthen the international routes. Brasilia, formerly Gol's domestic reference, was immediately seen as strategic for international routes, due to its central location. In the last quarter of 2018, Gol resumed international flights in Brasilia.



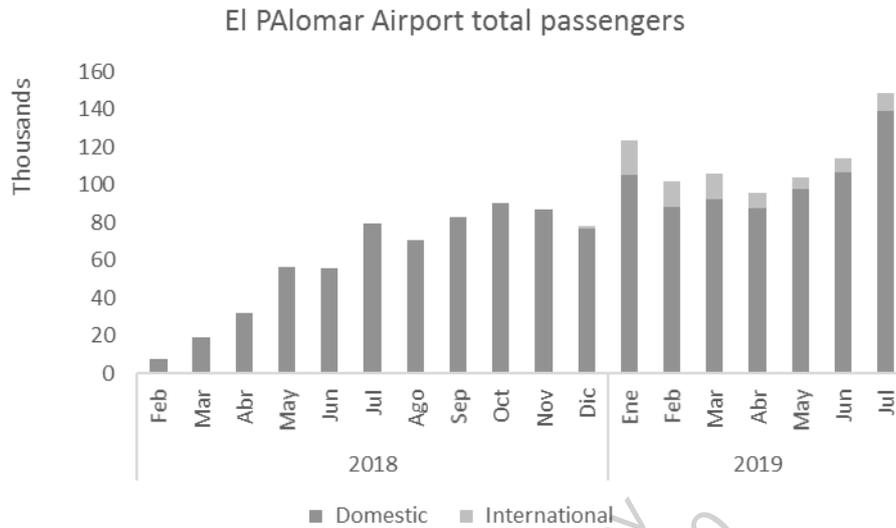
Source: Sabre Market Intelligence, 2019.

In 2018 Gol launched flights from Brasilia to Ezeiza, Orlando and Miami. After the success of these routes, the company launched its first flight to Cancun in 2019. By 2020, the growth of the four routes is planned.

El Palomar: a low cost experience

El Palomar International Airport began its activities on February 9, 2018. It became the third airport in the metropolitan area of Buenos Aires and the first exclusively low cost in the country. As of April 2019, it ranked fifth among the ten airports with the highest passenger traffic in the concession. Palomar has had a sustained growth since its opening in February 2018, with more than 1,000,000 total passengers. This airport registered an unprecedented phenomenon in the last decade: 20% of the passengers who passed through El Palomar flew for the first time in their lives.

The airport is international since December 15 2018, and connects with 18 destinations.



Source: ANAC, 2019.

Two important alliances were made in order to increase the traffic of El Palomar: those with Jetsmart and Flybondi. Jetsmart started with two flights in December and currently has 52 weekly frequencies. Flybondi has also grown significantly in the number of flights and routes and it will add its fourth international destination on the second half of 2019. In addition to Asunción, Punta del Este and Rio de Janeiro, Florianópolis will be added as a destination.

Not only have low cost airlines grown in El Palomar, but there has been an important increase in the seats offer throughout Argentina. In 2018 Norwegian started with almost over 1,000 departures from Argentina. In 2019 there will be 8,483 departures, with a growth forecast for 2020.

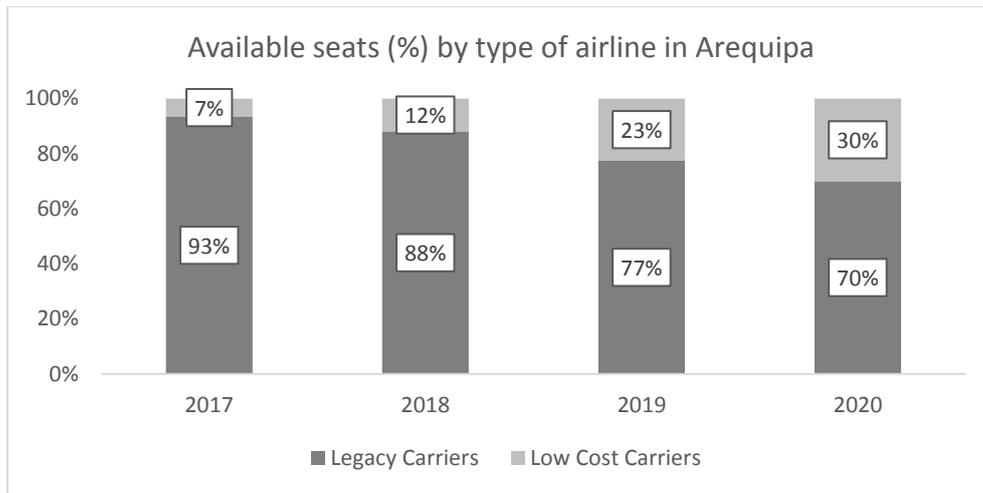
It had been 12 years since any new competitors entered into the country. The 2019 projections indicate that a strong growth is expected from El Palomar, exceeding 1,500,000 passengers.

Other alliances with airlines

Airlines are among the interested parties affected by the good management of an airport. Our policy is clearly and objectively focused on getting the greatest number of business partners possible, and taking all the necessary actions to make them develop.

There has been a sustained growth of low cost airlines around the world. Its expansion has facilitated the increase in passengers in the middle class segment. Considering this emerging market, CAAP has begun building alliances with low cost airlines in some of its airports.

In the Peruvian market, low cost airlines are reaching greater market share. At the main CAAP airport in Peru, Arequipa International Airport, growth has been constant since 2017 and 30% of the seats available by 2020 are expected to be low-cost airlines.



Source: Sabre Market Intelligente, 2019.

The main low cost airlines operating in Peru are Sky and Viva. Jetsmart started flying in Arequipa this year and it has expansion plans at the airport.

Network Experience

We have had extensive experience operating and maintaining groups of airports under long-term concession agreements for more than 20 years.



Source: Company information.
 1. In terms of passenger traffic.



We have developed a global platform with deep operational expertise and resources to support our organic growth plan and our global expansion strategy. To manage our current assets, we employ teams across architecture, aeronautical and commercial activities, corporate and project finance, accounting, legal and government affairs. Our size and scale allow us to maintain these resources in-house, thereby allowing us to address opportunities quickly and efficiently and provides a competitive advantage.

We have three networks in three of the seven countries where we operate. These networks allow us to improve management, increase revenues and lower our costs. Regarding traffic, we are in continuous evaluation of new routes and new frequencies, through close sustained contacts and relationships with major airlines, and proper coordination among our airports with common routes.