

Aeroméxico – Delta Partnership

February 20th, 2024



GOBIERNO DE
MÉXICO

COMUNICACIONES
SECRETARÍA DE INFRAESTRUCTURA, COMUNICACIONES Y TRANSPORTES

Seven years since the Aeroméxico – Delta Partnership

March 2016. Cofece's authorization:

- ❖ Free up 8 slot pairs at AICM
- ❖ Yield routes where both airlines participated in terms of the Open-Skies air services agreement

December 2017. DOT grants Antitrust Immunity (ATI):

- Free up:
 - ❖ 24 slot pairs at AICM
 - ❖ 4 slot pairs at JFK, NY

Term limit 2022 (5 years)

In seven years, the Partnership has proven beneficial for the American aviation industry



DOT's tentative dismissal



Mar-22 AM y DL apply for ATI renewal

Jan-24 The DOT preliminarily dismissed the ATI

Measures by the Mexican Government (GOM):

- *These measures are in violation of the Liberalized Air Transport Agreement*



- The measures taken are not in violation of the Agreement. They are backed up by technical analyses of AICM, provided in exceptions to the Agreement (Art. 11)

- It emitted a Cargo Decree prohibiting all cargo operations from AICM



- The Cargo Decree only applies to dedicated cargo operations. This measure has proven beneficial

- *A reduction in capacity will negatively impact current and future airlines operating at AICM*



- None of the measure taken has slowed growth of American companies in the Mexican market

- *The GOM previously stated plans for renovation works in AICM. However, it recently admitted there are no plans for such works and that capacity will not increase*



- A plan to increase the capacity of the AICM is being reviewed, whose possible implementation will be decided by the next administration

The Partnership's market share is half in MEX-USA routes



Traffic in MEX-USA routes^{1/}, 2016

2016

Airline	Routes	Passengers (million)
All	174	27
AM + DL	44	6
%	25%	19%

Traffic in AM-DL routes, 2016

Airline	Routes	Passengers (million)
All	44	11
AM + DL	44	6
%	100%	48%

Traffic in MEX-USA routes, 2023

2023

Airline	Routes	Passengers (million)
All	197	37
AM + DL	46	7
%	23%	19%

Traffic in AM-DL routes, 2023

Airline	Routes	Passengers (million)
All	46	15
AM + DL	46	7
%	100%	48%

^{1/}**Note:** Routes that in 2023 registered more than 10 thousand passengers per year

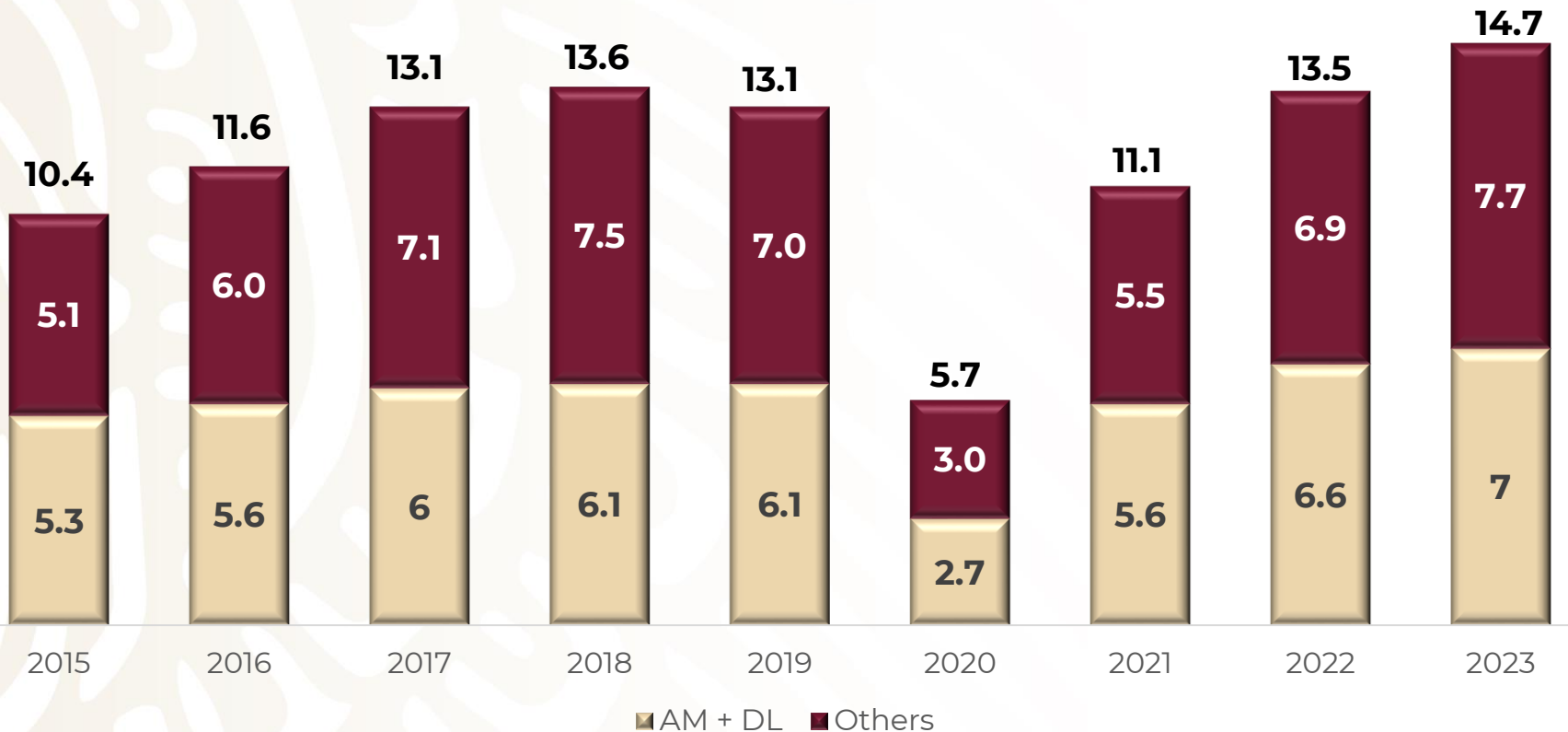
Airlines market share evolution



COMUNICACIONES

SECRETARÍA DE INFRAESTRUCTURA, COMUNICACIONES Y TRANSPORTES

Traffic in AM-DL routes (million passengers)



	AAGR	Doubling Growth
Total	4.4%	16 years
Others	5.3%	13 years
AM+DL	3.5%	20 years

AM –DL’s Partnership hasn’t blocked competition, neither the market share of its competitors

Notes: (1) Routes that in 2023 registered more than 10 thousand passengers per year and the Partnership had presence
 (2) AAGR: Annual Average Growth Rate



New MEX-EUA routes for American companies



Airline	Routes 2023
United Airlines	Chicago - Tulum
	Denver - Tulum
	Houston - Tulum
	Los Ángeles - Tulum
	Nueva York - Tulum
Delta Airlines	Atlanta - Tulum
	Detroit - Guadalajara
	Atlanta - Mérida
	Salt Lake City - Monterrey
	Houston - Felipe Ángeles
American Airlines	Cincinnati - Cancún
	Dallas Fort Worth - Tulum
	Charlotte - Tulum
	Miami - Tulum
Skywest Airlines	Los Ángeles - Puerto Vallarta
	Dallas Fort Worth - Aguascalientes
	Las Vegas - San José del Cabo
	Las Vegas - Puerto Vallarta
Southwest Airlines	St. Louis - San José del Cabo - St. Louis
	Orlando - Cancún

Airline	Routes 2023
Southwest Airlines	Kansas City - San José del Cabo
Frontier Airlines	Atlanta - Guadalajara
	Phoenix - Cancún
	Midway - Cancún - Midway
Envoy Air	Dallas Fort Worth - Manzanillo
	Phoenix - Mazatlán
	Dallas Fort Worth - Cozumel
Spirit Airlines	Orlando - Tulum
	Fort Lauderdale - Tulum
Jetblue Airways	Los Ángeles - Puerto Vallarta

Airline	Routes 2024
Skywest Airlines	Houston - Manzanillo
	Houston - Monterrey
	Phoenix - Tijuana - Phoenix
	Houston - Bajío - Houston
	Houston - Mazatlán - Houston
	Houston - Zihuatanejo - Houston
Sunwing Airlines	Houston - Manzanillo - Houston
	St. John - Varadero - Cancún - Quebec - St. John
Frontier Airlines	Dallas Fort Worth - Puerto Vallarta - Dallas Fort Worth
	Phoenix - San José del Cabo - Phoenix

**AFAC authorized 20 new routes for 10 American companies
(2023-2024)**

The GOM's measures are in accordance with the Air Transport Agreement¹



COMUNICACIONES

SECRETARÍA DE INFRAESTRUCTURA, COMUNICACIONES Y TRANSPORTES

Declaration of **airfield**
saturation

Declaration of **terminal buildings**
saturation
Reduction to 52 ops/hr

Cargo Decree

Second declaration of
saturation
Reduction to **43 ops/hr**



1. Article 11 of the Air Transport Agreement



Study: Airfield and air side capacity



Study: Service levels of terminal buildings



Civil Protection

Exceptions to the Air Transport Agreement¹



COMUNICACIONES

SECRETARÍA DE INFRAESTRUCTURA, COMUNICACIONES Y TRANSPORTES

Commercial aviation



- Structural and operational constraints
- Saturation on the airfield and terminal buildings

Cargo operations



- Increased delays all over the air cargo service chain
- Worse commute times in nearby areas
- Long wait times for passengers

There is a capacity increase plan under review for AICM

Criteria

Operational security



Operational efficiency



Better service for travelers



Resolutions

Second Declaration of temporary saturation of T1 and T2

43 ops/hr (Jan-08-2024)

Cargo decree

Redistributes operations to other airports in the metro area²



1. Article 11

2. Composed by AIT, AIFA, Puebla and Querétaro

Results of American Cargo Airlines under the Cargo Decree



Publication of
the Decree

110 business days

Extension



Jun – Dec 2022

AICM	
Operations	Thousand tons
68	2,208
63	2,045
69	2,497
66	2,130
83	3,570
91	3,208
85	4,147
525	19,806

Jun – Dec 2023

AIFA	
Operations	Thousand tons
6	39
15	1,217
40	2,321
86	3,618
115	4,901
128	5,200
128	5,558
518	22,854

FedEx®



Average tons per
operation

Jun-Dec 2022

38

Junio-Dec 2023

44

↑ 16%

Exit of Mexican airlines led to slot rearrangements at AICM

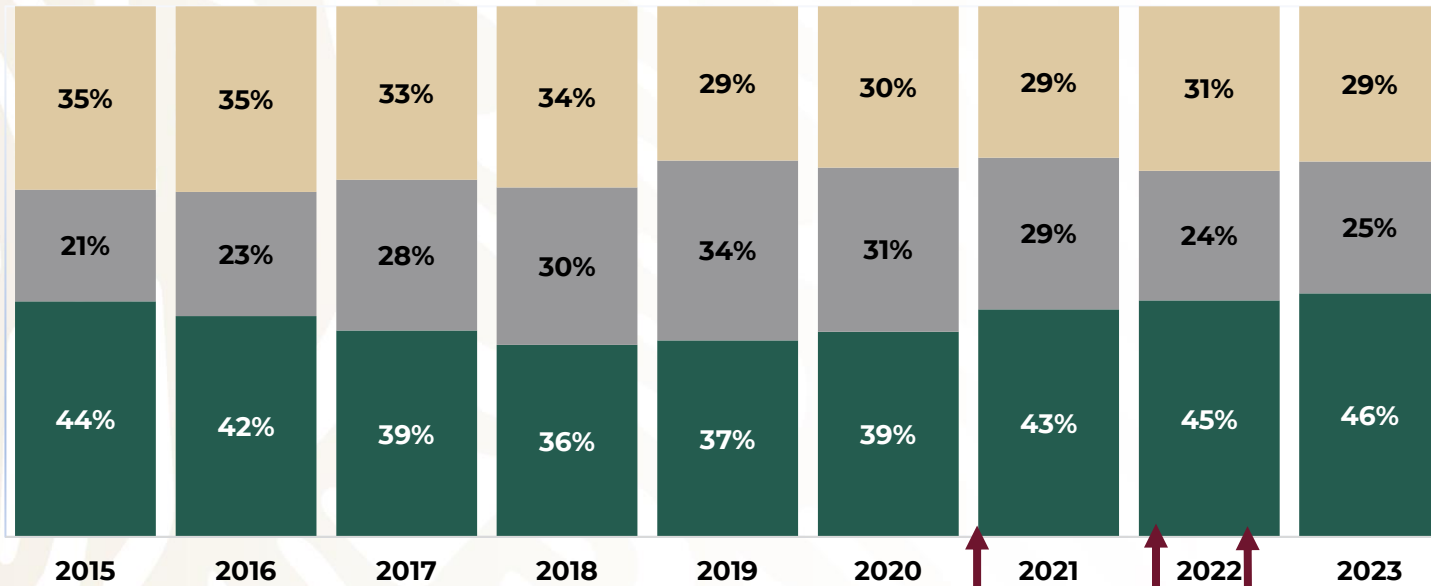


COMUNICACIONES

SECRETARÍA DE INFRAESTRUCTURA, COMUNICACIONES Y TRANSPORTES

Passenger traffic in AICM- USA routes

■ AM + DL ■ Mexican (others) ■ American (others)



- 1 Exit of **Interjet**
- 2 Exit of **Aeromax**
- 3 Reduction from 61 to 52 op./hr

- 1 **Reassignment of 33 daily slots**, subject to performance
- 2 **Reassignment of 34 daily slots** in 2022 and 26 in 2023
- 3 **Operations reduction** for the season had an impact on slots

Average daily slots in MEX-USA routes (winter season)

Airline	2021	2022	2023	Δ 2021-2023
Aeroméxico	94	61	57	-37
Viva Aerobús	14	18	11	-2
Volaris	17	12	13	-4
United Airlines	30	26	28	-2
American Airlines	26	25	24	-2
Delta	20	18	20	0

The Partnership's market share decreased 3% in 4 years

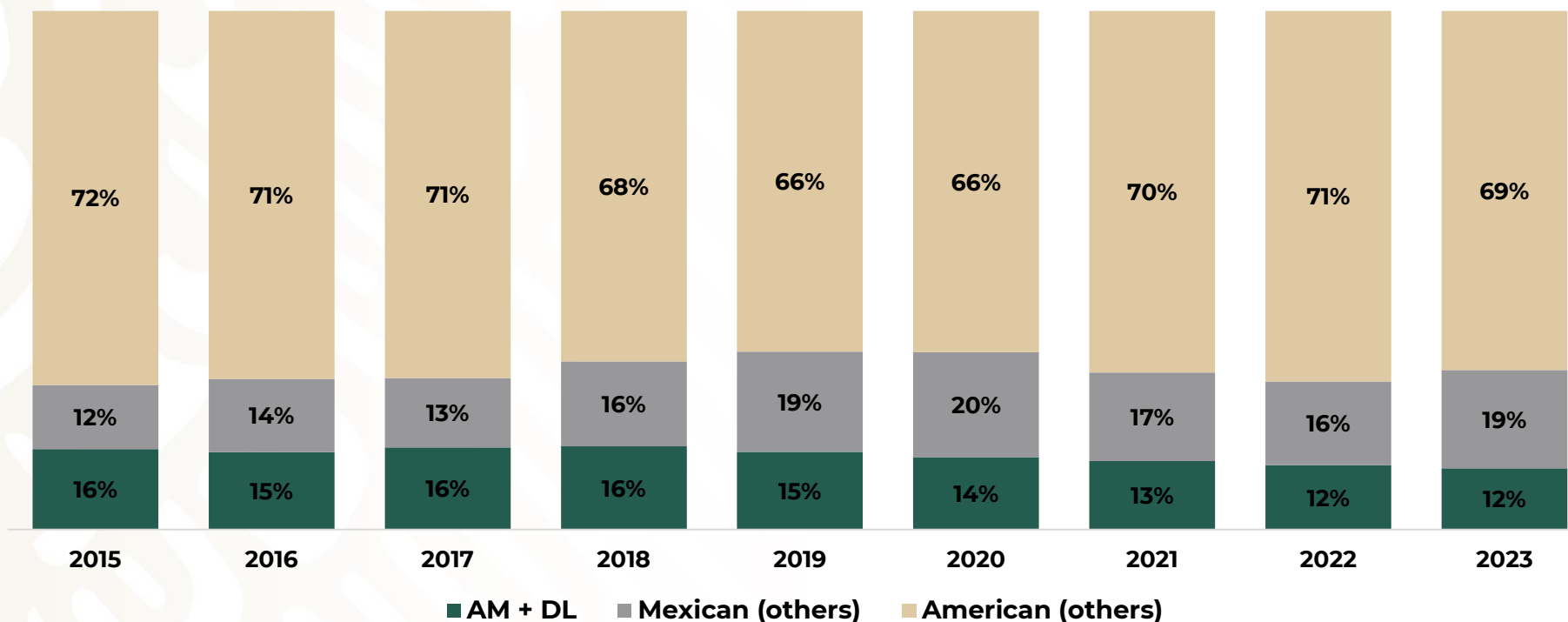


COMUNICACIONES

SECRETARÍA DE INFRAESTRUCTURA, COMUNICACIONES Y TRANSPORTES

Passenger share by airline*

Routes México- EUA (w/o AICM)



* Routes that in 2023 registered more than 10 thousand passengers per year. These routes represent 99.7% of total passengers

Market share of American companies

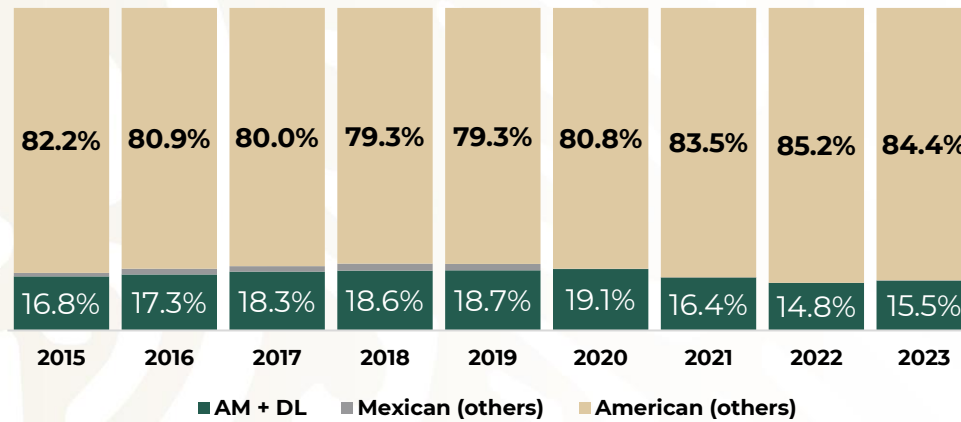


COMUNICACIONES

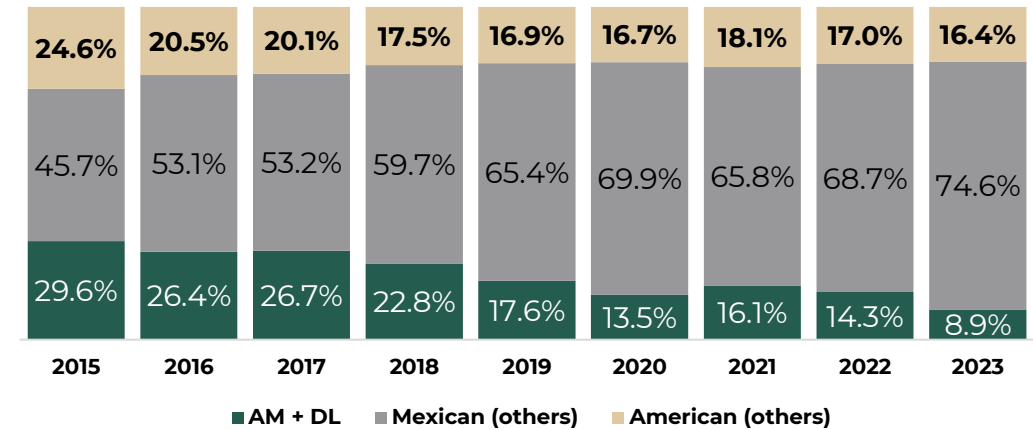
SECRETARÍA DE INFRAESTRUCTURA, COMUNICACIONES Y TRANSPORTES

Passenger share by airline*

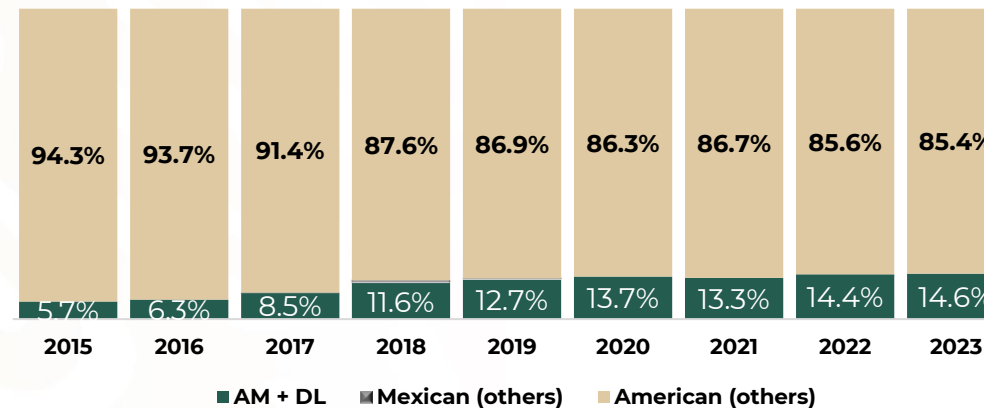
Routes Cancún- USA



Routes Guadalajara- USA



Routes San José del Cabo - USA

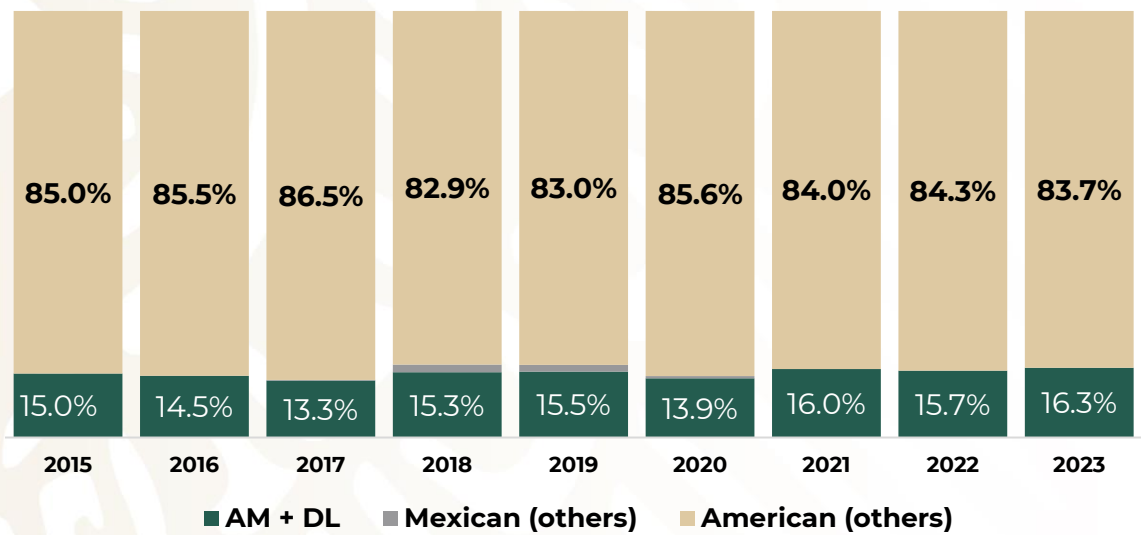


* Routes that in 2023 registered more than 10 thousand passengers per year. These routes represent 99.7% of total passengers

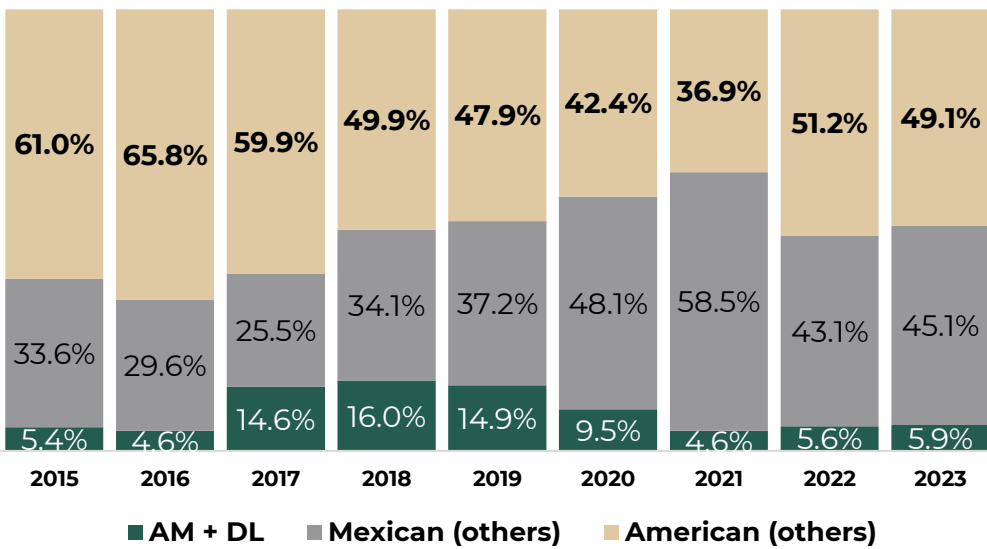


Passenger share by airline*

Routes Puerto Vallarta - USA



Routes Monterrey- USA



* Routes that in 2023 registered more than 10 thousand passengers per year. These routes represent 99.7% of total passengers



Partnership dismissal puts at risk more than 15 routes

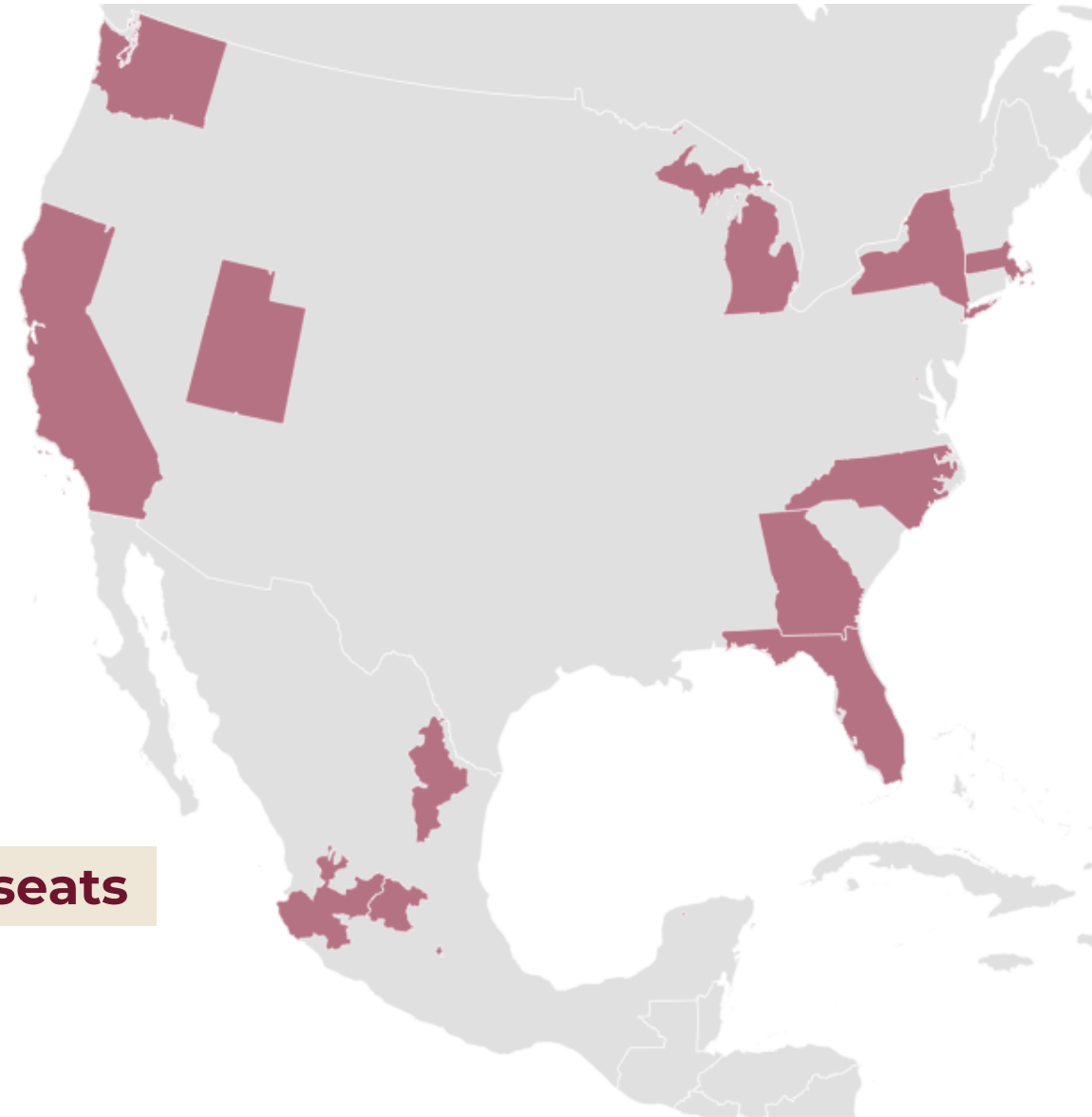


COMUNICACIONES

SECRETARÍA DE INFRAESTRUCTURA, COMUNICACIONES Y TRANSPORTES

1. Mexico City - Nueva York
2. Mexico City - Los Angeles
3. Mexico City - Seattle
4. Guadalajara - Salt Lake City
5. Mexico City - Boston
6. Mérida - Atlanta
7. Guadalajara - Atlanta
8. Monterrey - Atlanta
9. Monterrey - Nueva York
10. Monterrey - Detroit
11. Guanajuato - Atlanta
12. Guadalajara - Detroit
13. Bajío - Atlanta
14. Mexico City - Raleigh - Durham
15. Mexico City - Salt Lake City
16. Mexico City - Logan
17. Mexico City - Tampa
18. Mexico City - Washington Dulles

* Most non-stop flights operated by Aeroméxico



Annual reduced offer of ~ 1.5 million seats

Effects of the Partnership dismissal on the market

Airline	Market %
Aeroméxico	11.5%
Volaris	9.9%
Interjet	4.6%
Aeroméxico Connect	2.1%
Vivaaerobus	0.2%
Aeromar	0.1%
Subtotal (Mexico)	28%

American Airlines	16.7%
United Airlines	15.5%
Delta Airlines	10.5%
Southwest Airlines	5.9%
Alaska Airlines	5.6%
Mesa Airlines	3.3%
JetBlue Airways	2.7%
SkyWest Airlines	2.4%
Frontier Airlines	1.8%
ExpressJet	1.7%
Spirit Airlines	1.6%
US Airways	1.4%
Sun Country	1.1%
Envoy Air	0.9%
Virgin America	0.6%
Subtotal (USA)	72%

Total

Aeroméxico	14%
Aeroméxico – Delta	24%

Airline	Market %
Volaris	14.1%
Aeroméxico	7.8%
Viva Aerobus	4.9%
Aeroméxico Connect	1.1%
Aeromar	0%
Subtotal (Mexico)	28%

American Airlines	19.9%
United Airlines	14.6%
Delta Airlines	11%
Southwest Airlines	6.5%
Alaska Airlines	5.5%
JetBlue Airways	3.7%
Spirit Airlines	3.4%
Frontier Airlines	3.3%
Mesa Airlines	1.5%
Sun Country Airlines	1%
Envoy Air	1%
SkyWest Airlines	0.7%
Subtotal (USA)	72%

Total

Aeroméxico	9%
Aeroméxico – Delta	20%

01

The renewal of the ATI is independent from the Air Transport Agreement

02

The Air Transport Agreement has not been violated nor ignored

03

The Partnership has not risked competition, nor slowed down the growth of competitors. Dissolving the Partnership would negatively impact passengers by reducing the market supply by 1.5 million seats annually

04

Full IATA Compliance (Worldwide Airport Slot Guidelines)