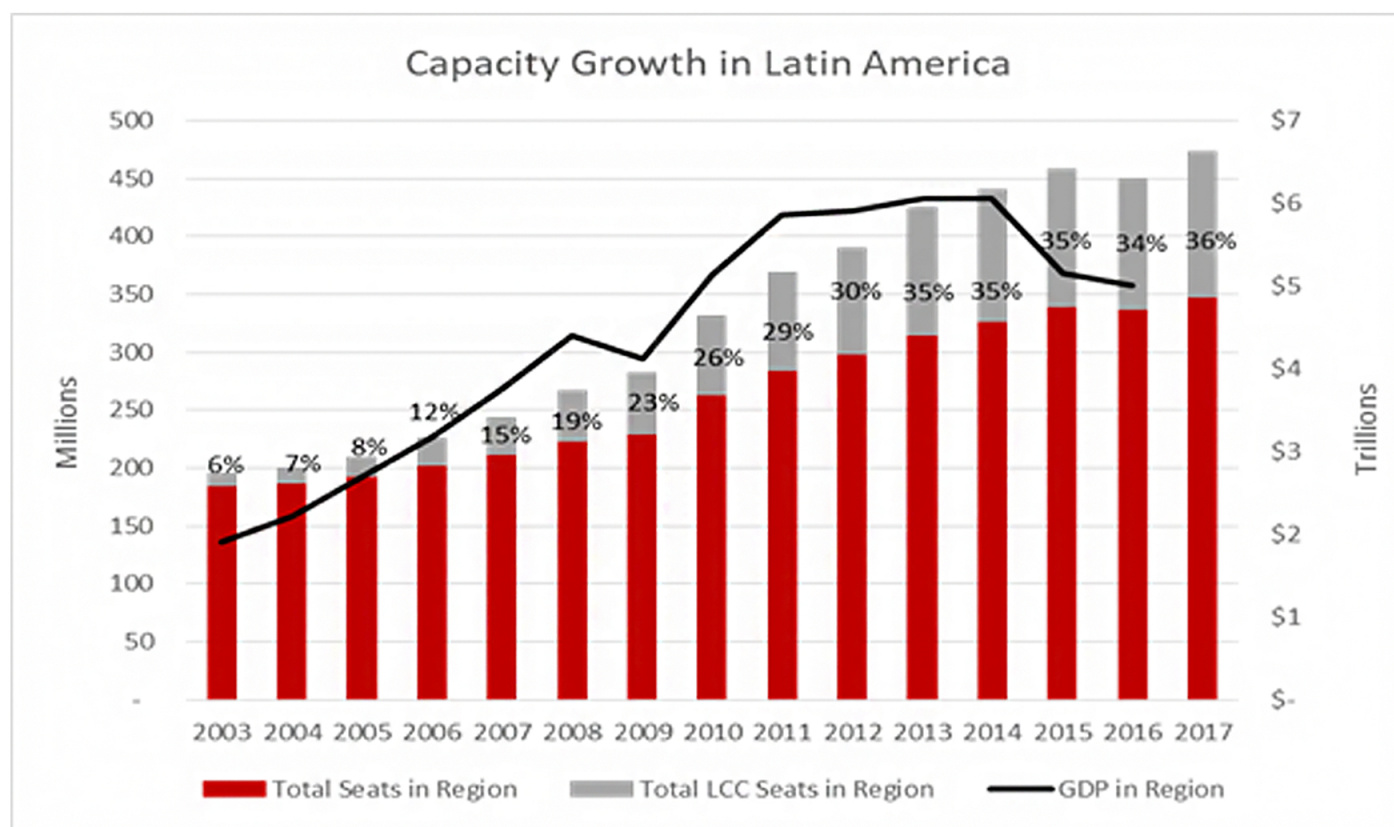


## Low Cost Carriers Emerging Against the Odds in Latin America

**November 28, 2017**

2017 has seen growth for Low Cost Carriers (LCC) in Latin America through both start-ups and airlines changing their business models. Despite mixed outlooks for the region due to political crises in major countries and commodity price and exchange rate shocks in 2016, IATA forecasts 5.4% annual growth of Revenue Passenger Kilometers (RPKs) over the next 20 years. LCCs are on a mission in the region to capture a large portion of that growth.



Source: OAG, World Bank; 2017 Data current as of 3Q

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The first LCC in the region, GOL, began operations in 2001. For the next 15 years another LCC entered the market approximately every two years increasing to eight LCCs in 2016. In 2017 alone we have seen five LCCs begin operations in three countries where low cost service did not exist before, and the year isn't over yet.

Figure 1 - Low Cost Carriers by Volume & by Country

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
LCCs	1	1	1	1	3	3	5	5	5	6	6	6	6	7	13
Countries with LLCs	1	1	1	1	2	2	2	2	2	3	3	3	3	3	6

LCC penetration has increased steadily over the last decade. Mexico and Brazil boast the highest LCC market share at 61% and 55% respectively. Colombia and Chile have recently seen LLCs take a 12% traffic position in their countries where there was no LCC presence five years earlier. Joining this growth segment, there are several additional LCCs expected to enter the region, specifically in Argentina and Peru, by early 2018.