

The Lufthansa Group in Panama

A Successful Launch of Operations – a six month retrospective

Felipe Bonifatti
General Manager for Central America & the Caribbean



Panama Business Day
Hamburg, October 20th, 2016

Outline

- The Lufthansa Group was no stranger in Panama
- Planning – Ramp up & Time Line
- We went online
- Why Panama: six of the many reasons
 - Touristic destination
 - Attractive business location
 - Hub of the Americas ®
 - Atlantic Joint venture
 - Strong local partner
 - The right product
- Governmental Support
- Looking back... and into the future!



The Lufthansa Group – no stranger in Panama

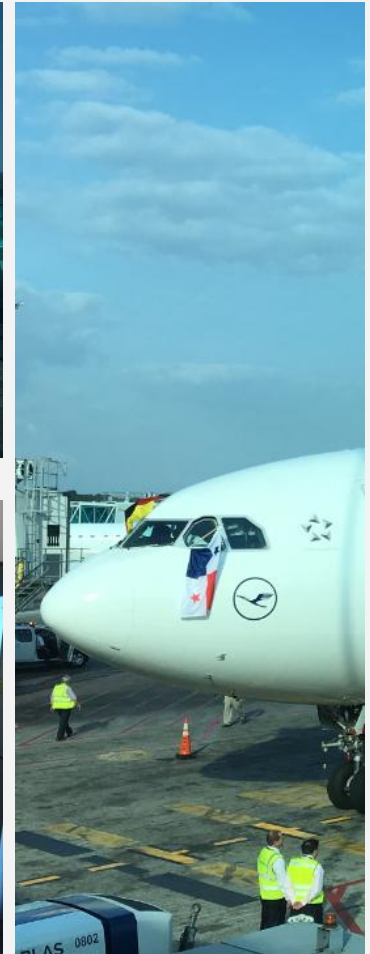
- Sky Chefs de Panamá, S.A. is 100% owned by LSG Sky Chefs
- LSG Sky Chefs opened a new, state-of-the-art production facility at Aeropuerto Internacional de Tocumen in March 2014, replacing the previous facility, which had been in use since 1963
- 535 employees
- 25.097 meals per day maximum capacity
- We served in 2015 9.812.446 meals!



Our project – Ramp Up and Time Line



We went online on March 2nd – First flight Frankfurt - Panamá



Why Panama as a Lufthansa destination?

Six of the most important reasons for our new service:

- Great touristic destination
- Attractive business location
- Hub of the Americas ®
- Atlantic Joint venture
- Strong local partner
- The right product



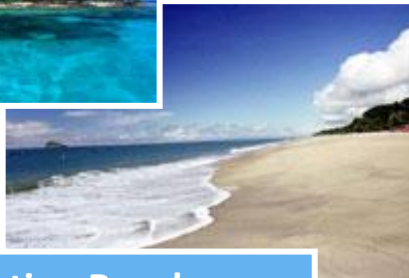
Panama offers a wide range of attractions

Panama offers a myriad of tourism attractions to suit a variety of interests and budgets

Panama Canal



Ecotourism



Pristine Beaches



Colonial Sights

Luxury Resorts



Panama – A great touristic destination

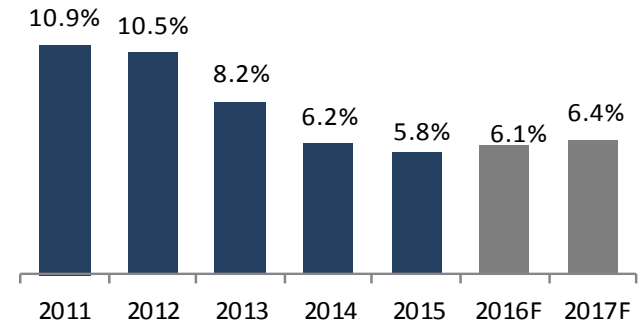
- Has the highest per capita tourist spending in Central America
- Offers leisure travellers excellent links within the country, to the entire region and the Caribbean
- Is one of the few places in the world where you can see the sunrise on the Pacific and the sun set on the Atlantic!
- The Panama Canal is one of the spots anyone has to see at least once in a lifetime
- Hotels: 3,000 new hotel rooms added in 2015 (20% growth) and more to come!
- ... and many children in Germany are familiar with the beauty of this country already from early ages on...



Panama – Attractive Business Location

- Has the fastest Growing Economy in Latin America, some call it the “Singapore of the Americas” because of its exceptional economic growth.
- Growing as regional headquarters base for multinational companies
- It serves as a regional business and logistics hub
- Strong public and private sector investment
 - Panama Canal Expansion (completed June 2016)
 - Metro Transportation System (2nd line under construction)
 - 3rd Bridge over the Canal on the Pacific (Bid process)
 - New Convention Center in Panama City (est. late 2017)
 - New Green Convention Center in Chiriquí (Bid process)

Panama GDP Growth



Strong cooperation enhances our offer to passengers

The Lufthansa Group's **Atlantic Joint Venture with Air Canada and United** offers passengers even more choice and value on North Atlantic routes:

- over 10,000 daily flights to more than 570 destinations
- 16 hubs in Europe and North America
- more than 300,000 seats each week
- wide choice of on board products and services
- access to more than 60 exclusive lounges
- reciprocal frequent flyer programmes
- combinable fares
- optimised schedules
- ...from Canada to Panama

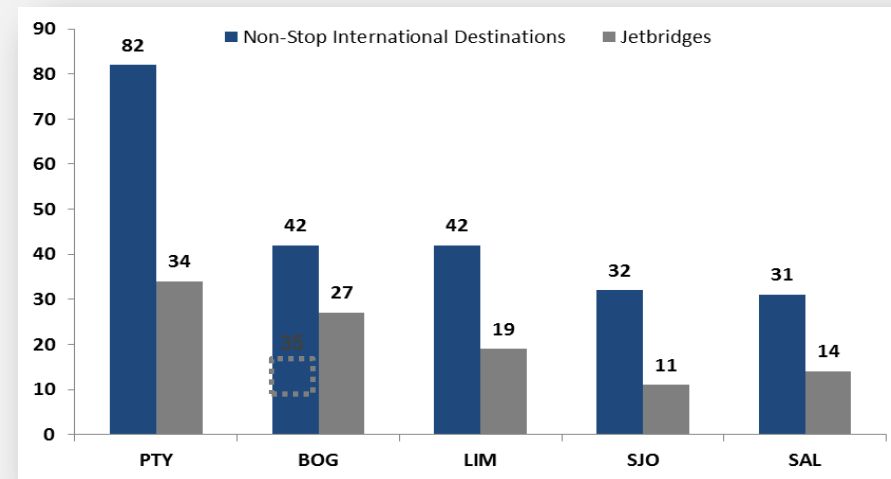


Atlantic Joint Venture



Panama – Hub of the Americas ®

- More jetbridges and international destinations than competing hubs
- Copa represents >80% of Tocumen Airport passenger operations
- South terminal expansion accommodates long-term growth needs (2Q/2018)



Panama - Right Infrastructure also long term

South Terminal Expansion

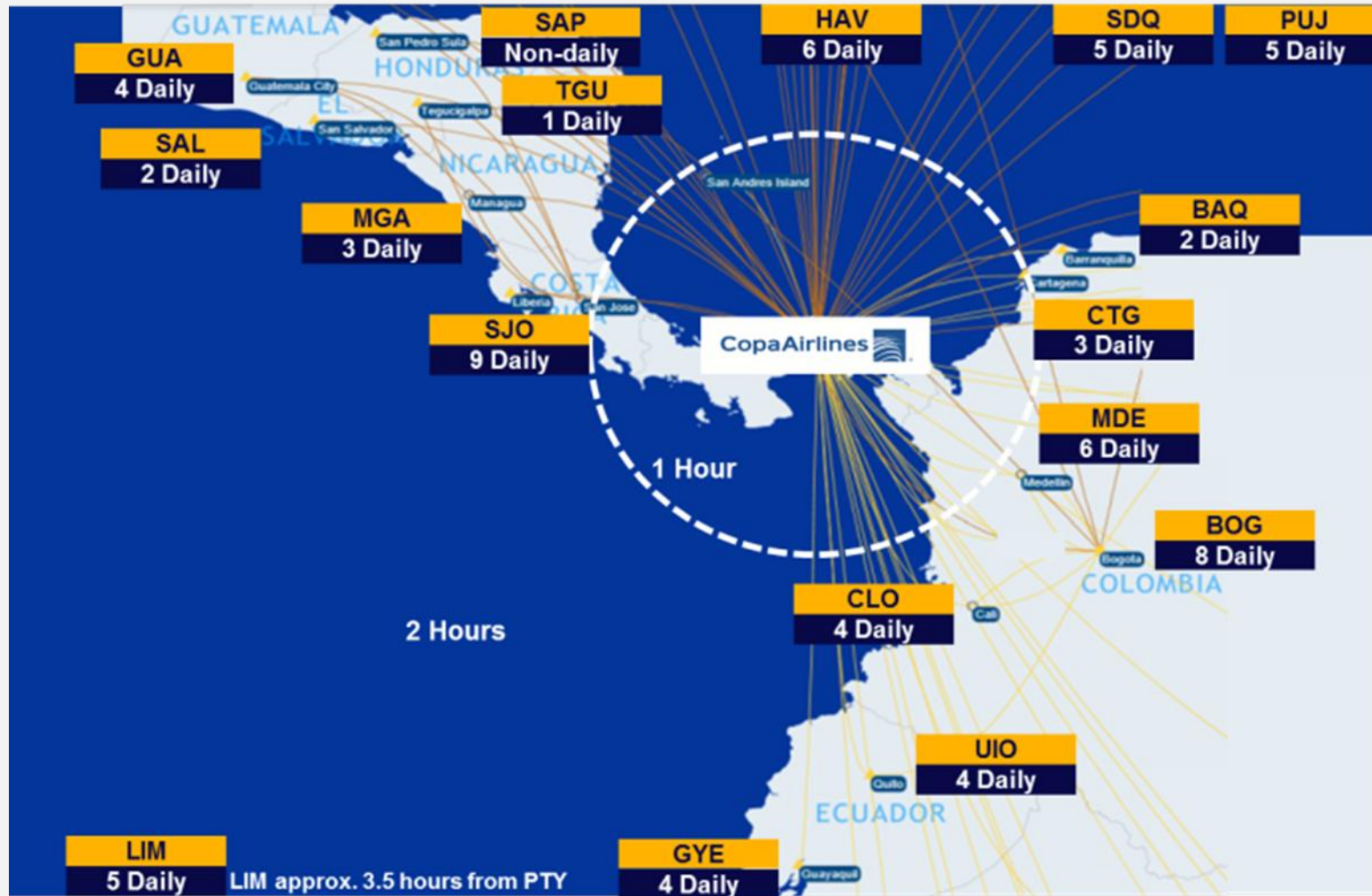
- **Construction 62% complete (est. 2Q18)**
- **Construction was slowed to make significant design improvements**
 - **Improvements to passenger connectivity between terminals**
 - **Expand Customs, Immigration and passenger circulation areas**
 - **Improved Baggage Handling System to fully integrate terminals**
- **South Terminal remote aircraft positions are being utilized for live operations**



South Terminal



Panama - Copa Airlines, our strong local partner



With JUMP, we now have a sub-fleet to match the demand structure

Core Product

JUMP



- Reconfigured Airbus 340-300
 - Cabin layout optimized for leisure travel
 - For routes with high % price-sensitive travelers
- LH classic brand & products
 - New lie-flat Business Class
 - New Premium Economy
- Retained brand focus on quality & premium
- Extensive global network with Frankfurt hub

Enabling Partner

CM / PTY



A STAR ALLIANCE MEMBER

- Star Alliance Frequent Flyer Program accrual/redemption
- Most complete network in Latin America
 - More destination choices for Lufthansa Passengers
- Reliable partner for connecting traffic:
 - On time performance 90%
 - Schedule/fleet reliability 99%
- Minimized Passengers wait time/misconnections
- Comfortable onboard experience for LH PAX
 - Average fleet age under 6 years
 - “Best Airlines in Central America & Caribbean” Skytrax 2013

With COPA, we have a partner for required feed from smaller markets

Governmental support – Panama Tourism Authority

Cooperation agreement ATP-Lufthansa

Concrete support from ATP

Promote Panama as destination

Trade Fairs & Exhibitions

Secure international presence

Roadshows

Across country presence

Familiarization Trips

Product & destination experience for easier selling

Press Trips & Bloggers

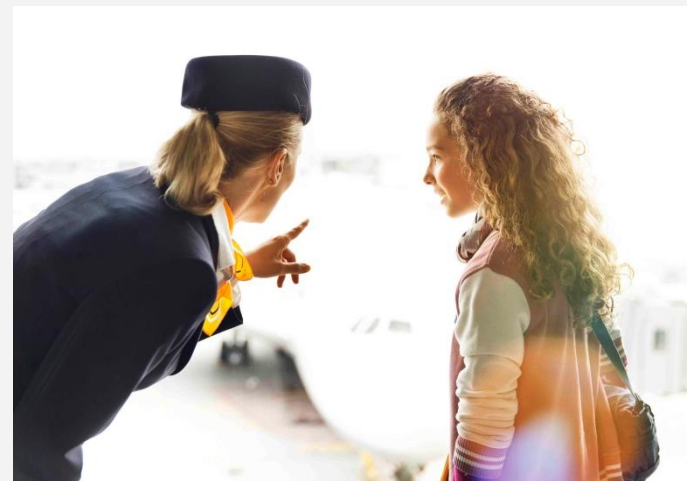
Product & destination experience for easier publishing & sharing



Looking back... and into the future!

Our new flight Frankfurt-Panama-Frankfurt

- **Seat Load Factor**
Slightly above target
- **Transferring and point-to-point customers**
Increasing customers with final destination Panama
- **Local/Regional Sales Share**
After 6 months, achieving target from business case
- **On-time performance**
In line with expectations for Tocumen Airport
- **Future bookings**
Strong short-term bookings, positive trend, above expectations



Investing in Panama Lufthansa German Airlines

	2015	2.3.-30.9.2016 (kum.)
Employees	1	11 + external staff
Landings	0	303
SKO (Tsd.)	0	820,623
Seats offered	0	90,294



Central and South America: 11 Lufthansa Group destinations in 7 countries



Thank you for your attention

Lufthansa Group | Austrian  brussels airlines  Eurowings   Lufthansa  SWISS

