Airports Concessions

Investment Partnership Program

Project

6th Round of Concessions – The Brazilian government has been working intensely to improve the business environment, governance and regulatory practices, seeking to have the participation of high level operators in the next round, which will grant the private sector the operation of 22 airports handling approximately 24 million passengers.

Exchange rate: 1 US$ = 3,78 BRL, as of April 5, 2019.

After 6th round 80% of passenger demand will be served by granted airports

3 clusters 22 airports	23.6 M pax/year	11.44% share
South	12.1 M	5.84%
Curitiba	6.2 M	
Foz do Iguaçu	2.3 M	
Navegantes	1.9 M	
Londrina	968 K	
Joinville	480 K	
Curitiba/Bacacheri	31 K	
Pelotas	33 K	
Uruguaiana	21 K	
Bagé	14 K	
North I	4.3 M	2.11%
Manaus	2.7 M	
Porto Velho	830 K	
Rio Branco	289 K	
Boa Vista	297 K	
Cruzeiro do Sul	84 K	
Tabatinga	64 K	
Tefé	33 K	
Central	7.2 M	3.49%
Goiânia	3.2 M	
São Luís	1.5 M	
Teresina	1 M	
Palmas	673 K	
Petrolina	476 K	
Imperatriz	276 K	

Schedule

Airport concessions timeline

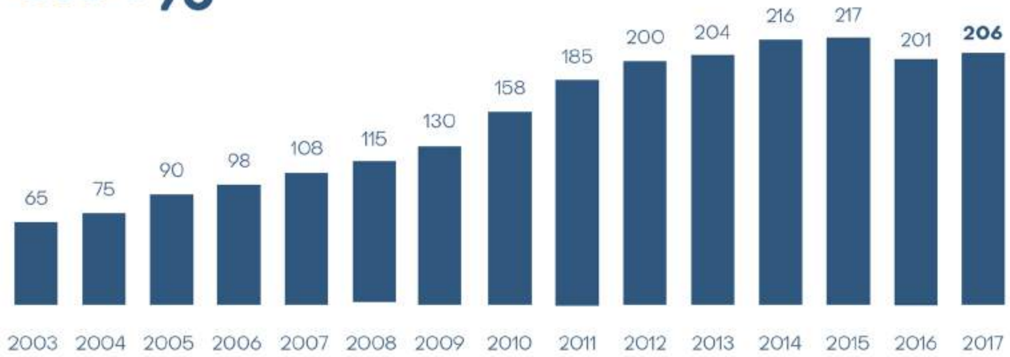
feasability studies	public consultations	approval by the Court of Accounts	bidding notice	auction	contract signature
1st quarter/ 2019	1st quarter/ 2020	2nd quarter/ 2020	3rd quarter/ 2020	4th quarter/ 2020	1st quarter/ 2021

MARKET

The Brazilian market is extremely attractive to the airport sector investor. The opening of the civil aviation market has brought competitive prices and increased the number of passengers. The average annual growth reached over 8.5% from 2003 to 2017.

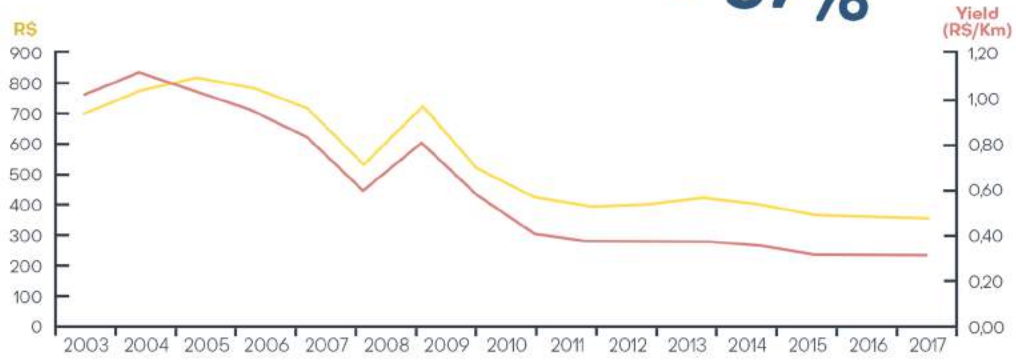
Average annual growth rate for passengers (MM) from 2003 to 2017

8.51%



Variation of ***real domestic airfares and yield*** from 2003 to 2017

- 67%



GUIDELINES

Basic Concepts: Improve infrastructure quality and capacity; required level of service (IATA ADRM Optimum Level); competition and benchmarking in airport operation.
CAPEX: General model based on demand triggers.
Revenues: Regulated tariffs; non-regulated comertial revenues.
Tariff Regulation: Revenue-cap regulation model (with greater flexibility) for the majors airports. The other airports will have free rates monitored by ANAC.
Auction: The auction takes place at B3 S.A. (former BM&BOVESPA); the winner of the auction is defined by the best economic bid.
Grant: Initial Contribution (upfront payment) + Variable contribution (% on the total gross revenue of the Concessionaire).

PREVIOUS ROUNDS

The interest of domestic and international private operators has increased with new rounds of airport auctions. The results of the auctions were expressive: increased airport capacity and quality of services; upside in commercial revenue; 70% of the demand is already served by airports with private operation.

After 5 previous rounds 70% of passenger demand is served by granted airports

	5 rounds 22 airports	137 M pax/year	70% share
2011	**1st Round**		
	Natal	2.4 M	1.2%
2012	**2nd Round**		
	Guarulhos	37.4 M	18.2%
	Brasília	16.7 M	8.1%
	Viracopos	9.2 M	4.5%
2014	**3rd Round**		
	Galeão	16.1 M	7.8%
	Confis	10.1 M	4.9%
2017	**4th Round**		
	Porto Alegre	7.9 M	3.8%
	Salvador	7.6 M	3.7%
	Fortaleza	5.9 M	2.9%
	Florianópolis	3.8 M	1.8%
2018	**5th Round**		
	Northeast Cluster	13.2 M	6.4%
	Midwest Cluster	3.2 M	1.6%
	Southeast Cluster	3.2 M	1.6%

PPI Investment Partnership Program
+ 55 (61) 3411 - 6470
gabineteppi@presidencia.gov.br
www.ppi.gov.br

PÁTRIA AMADA BRASIL BRAZILIAN GOVERNMENT