



Travel & Tourism in Latin America

The Road to Recovery

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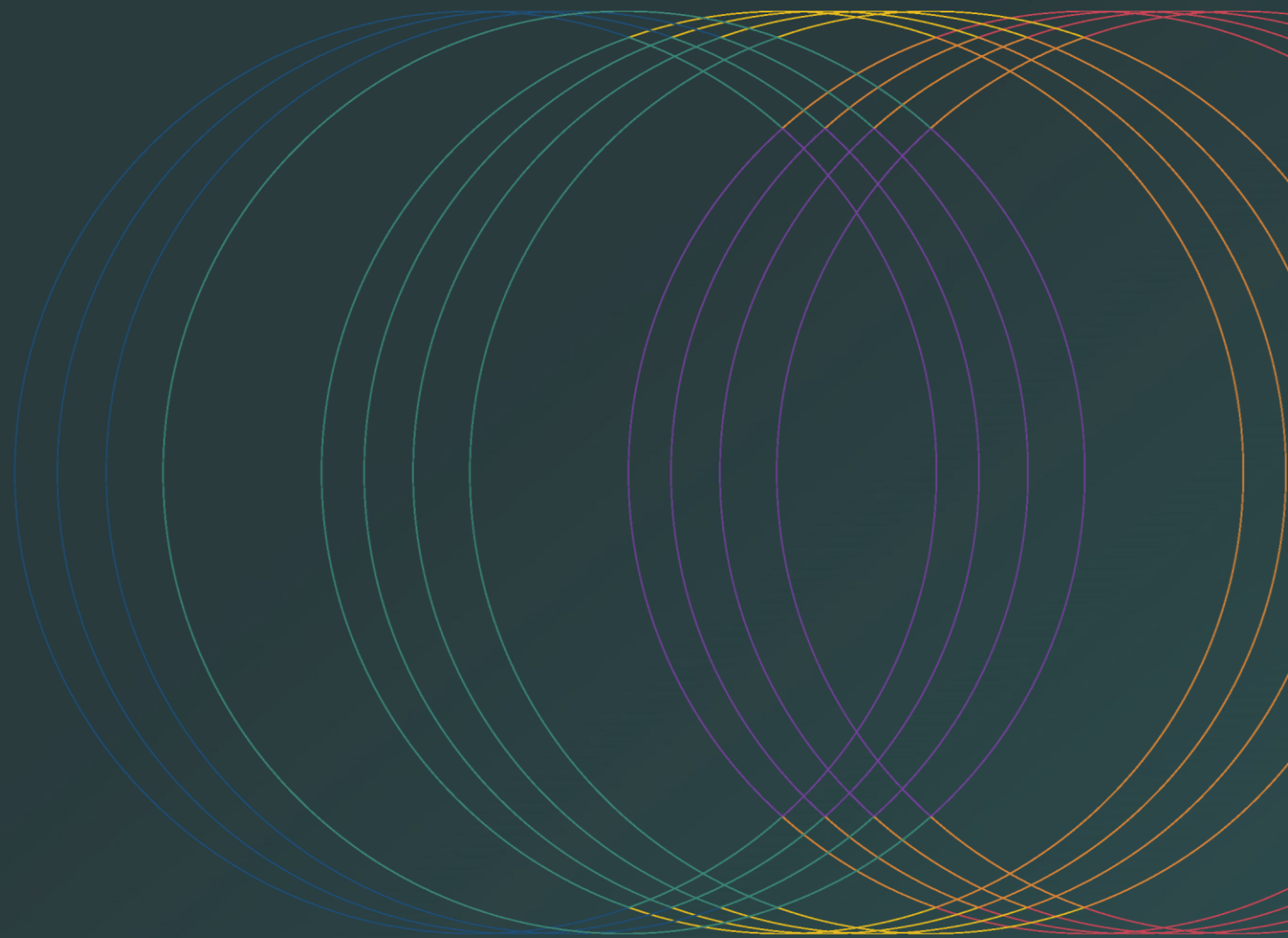
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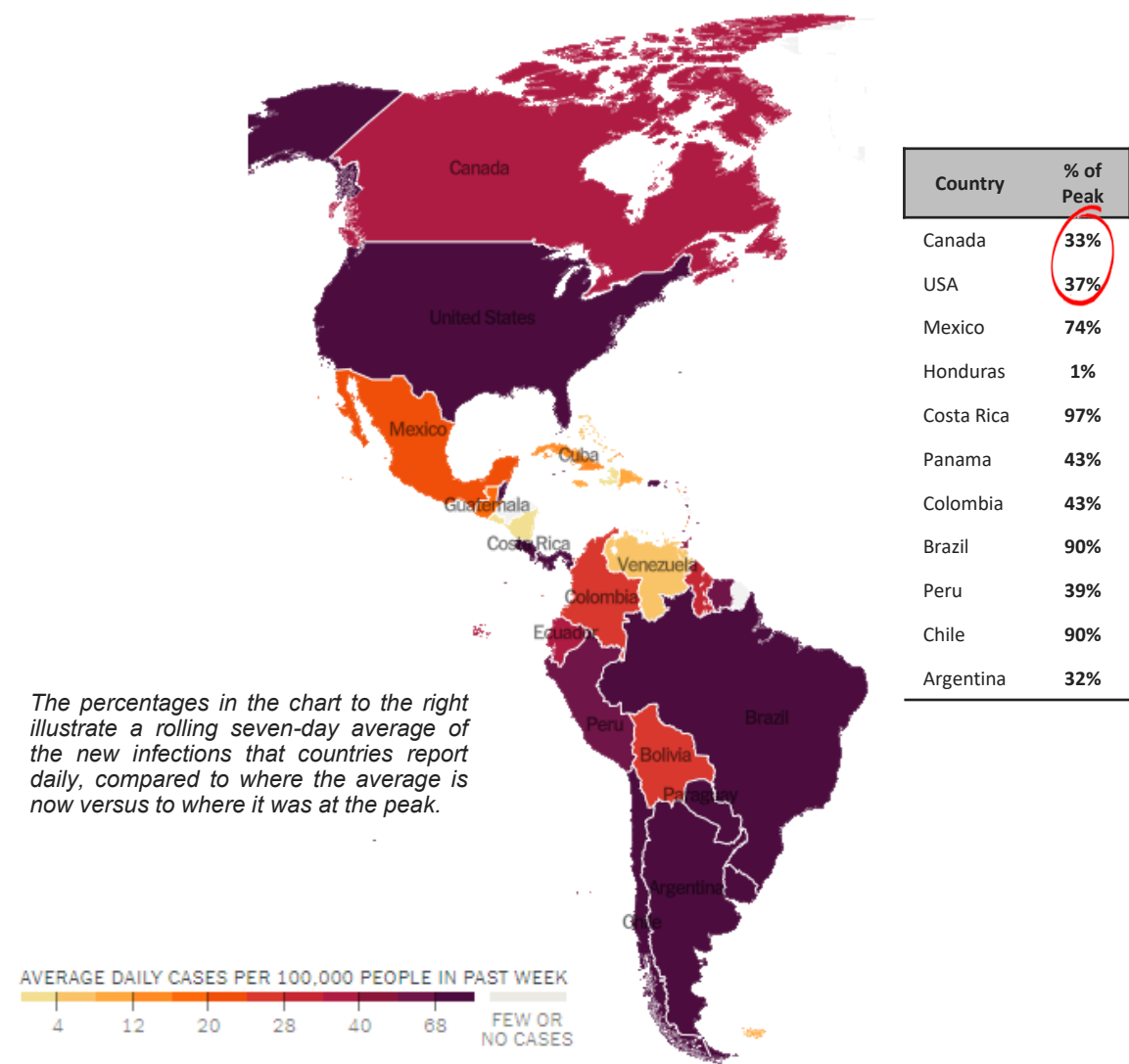
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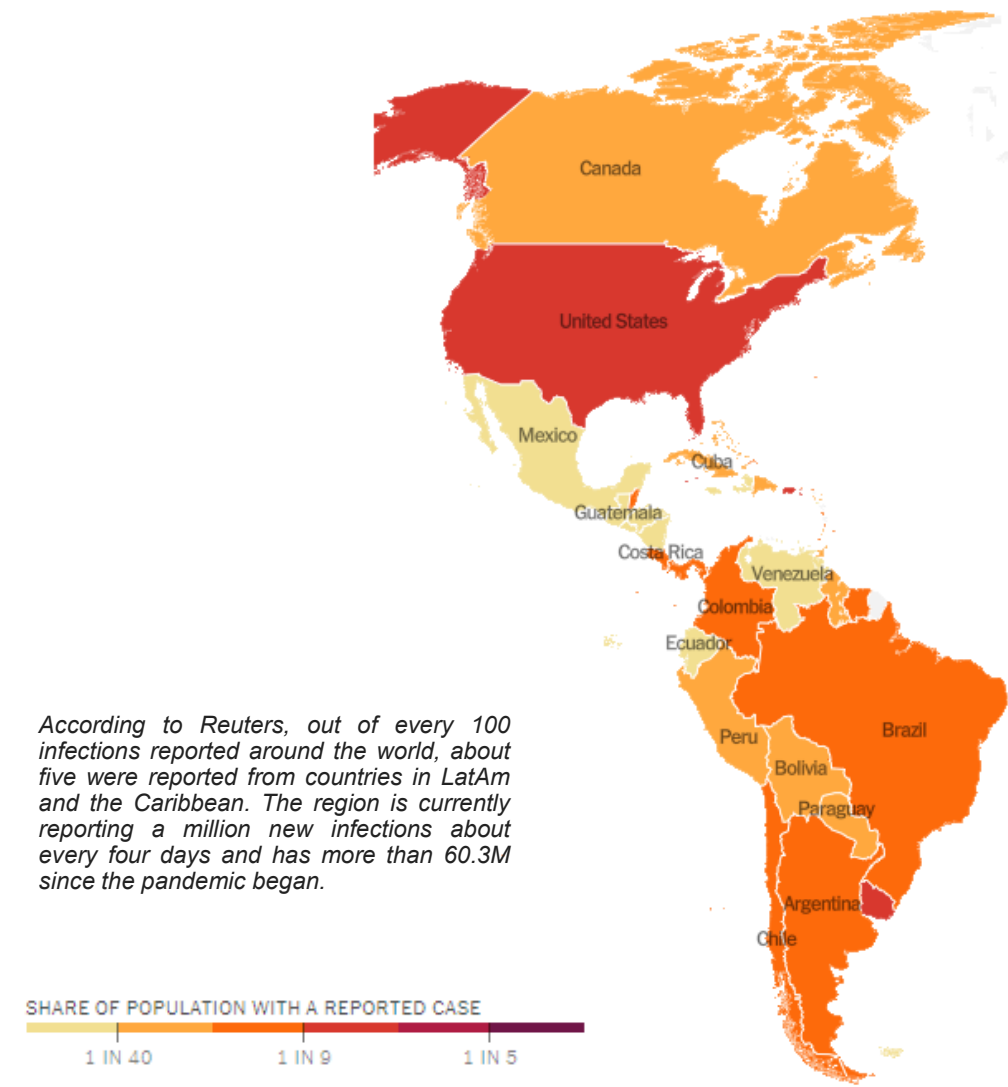
The Latin American market was disproportionately affected by COVID-19.

Central and South America has experienced less cases per capita, but peaks remained high

Coronavirus “Hot Spots” by Region¹



Coronavirus Cases per Capita¹



Notes: (1) All data is as of February 7, 2022. Source: The New York Times Coronavirus World Map Tracking the Global Outbreak and Reuters World Coronavirus Tracker Map

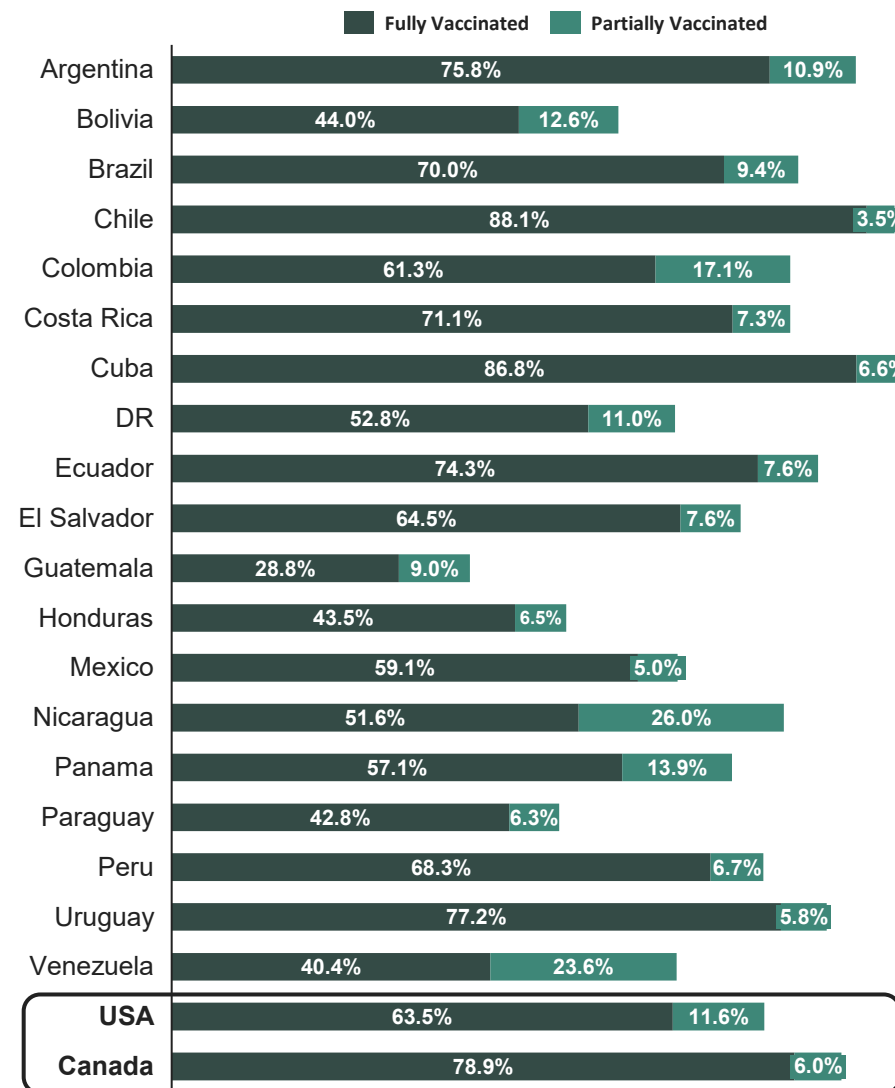
Vaccine rollout progress varies from market to market.

Political, economic, and demographic differences play into vaccination rates

Regional Summary ¹

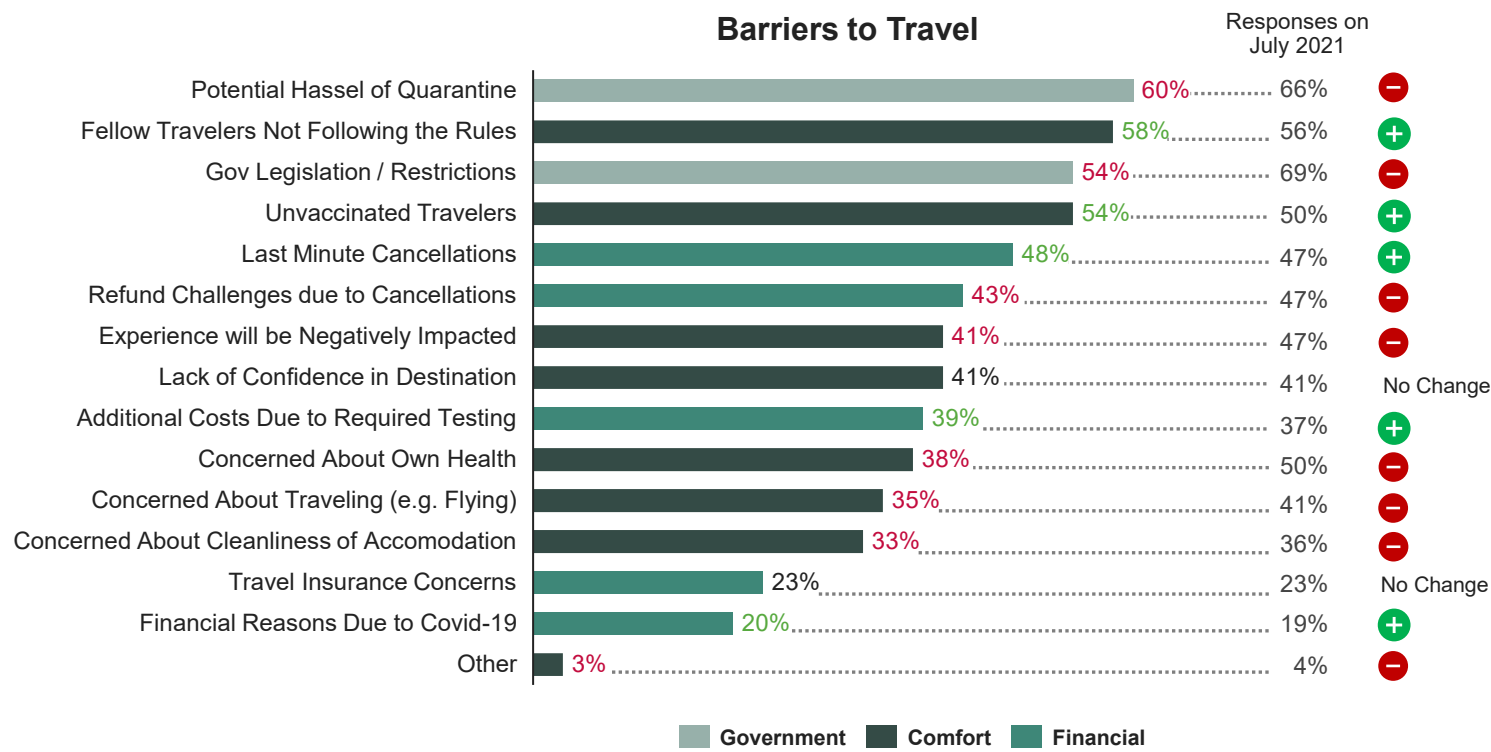
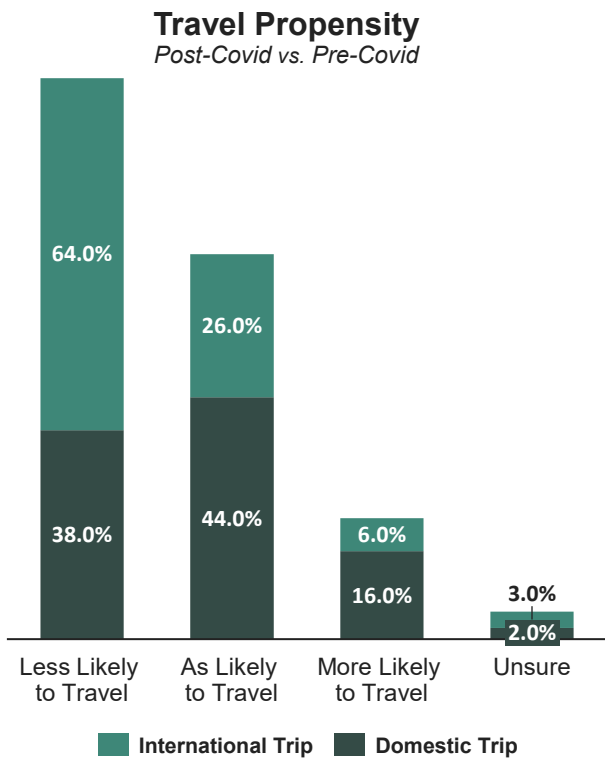
- The World Health Organization has indicated that herd immunity against COVID-19 is achieved when 60 to 70% of a population is immune.
- Argentina, Chile, Costa Rica, and Mexico started vaccinations earliest, during the last week of December 2020. Most vaccines distributed in the region require two doses, except for the vaccine used in Cuba which requires three.
- As of August 2021, Latin American (“LatAm”) countries began to administer booster doses. Early recipients varied by country, frequently including frontline workers, vulnerable populations, and those who received a less effective vaccine.
- Overall vaccination coverage in LatAm and the Caribbean currently stands at approximately 60% and many countries, including [Argentina](#), [Chile](#), [Costa Rica](#), and [Cuba](#), boast some of the highest coverage rates in the world.
- The relaxation of public health measures coupled with unvaccinated people have created the perfect environment for the virus to spread.
 - [Caribbean](#): Puerto Rico and the Dominican Republic have experienced hikes in new infections, as well as Jamaica, Aruba, Curacao and Martinique.
 - [Central America](#): Belize and Panama are reporting the highest incidence of COVID.
 - [South America](#): noticeable increases in Bolivia, Ecuador, Peru, and Brazil. In Argentina and Paraguay new cases have increased by 300%.
- “Throughout this pandemic, Europe has been a window into the future for the Americas,” PAHO Director. “The future is unfolding before us, and it must be a wakeup call for our region.”

Vaccinated Population By Country ¹



Travel sentiment is slowly recovering as vaccinations rise.

Consumer travel sentiment will deteriorate near-term alongside restrictions and colder weather

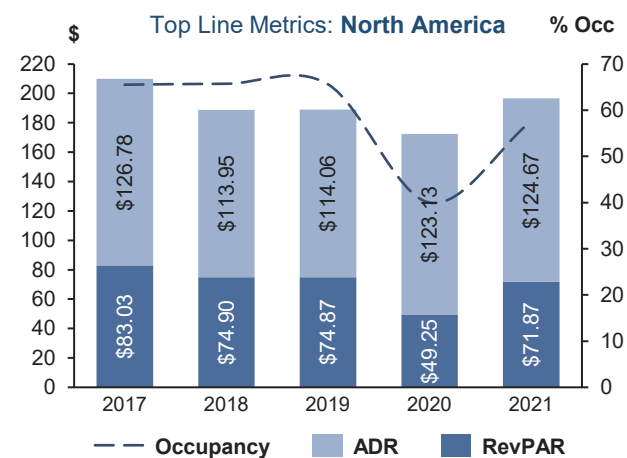


Observations | Takeaways

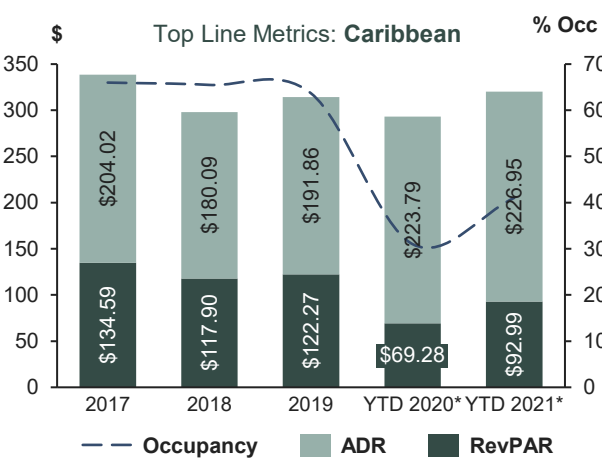
- As Covid cases rise in many parts of the world, and as the as the new Omicron variant spreads, the travel industry may need to brace for another period disruption, especially as we enter winter season, traveler sentiment worsens, travelers' sentiment worsens and they become more insecure about long-haul flights and destinations, as well as certain countries reimposing/reinforcing Covid restrictions.
- Key factors that seem to be deteriorating consumer travel sentiment:
 - Seasonality issues due to general anxiety caused by the winter weather;
 - Government imposed restrictions;
 - Imposed quarantine concerns; and
 - Vaccination status of other travelers.
- The above seems to be reinforced by 78% of respondents believing that a vaccination document should be required for all travelers.
- As countries apply new measures to tackle new Covid variants, this will most likely delay any anticipated recovery expectations.

The recovery across Latin America will be uneven.

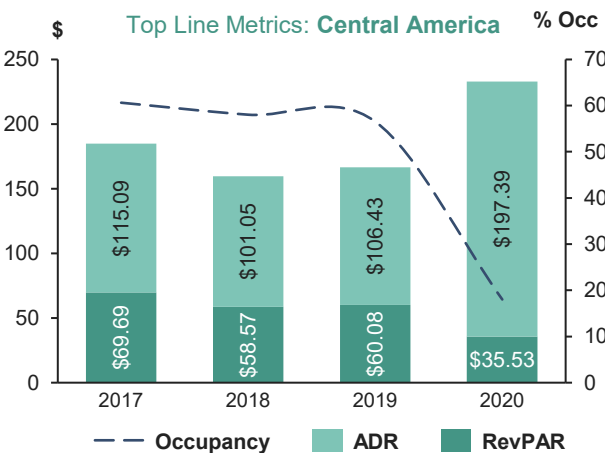
North America and the Caribbean show recovery; Central and South America face headwinds



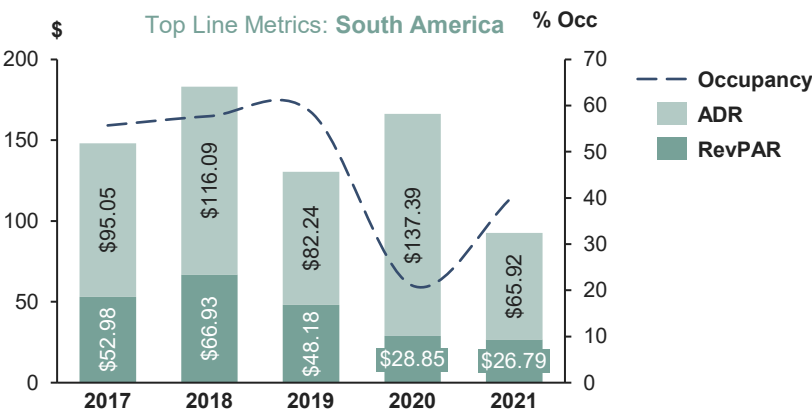
- Overall performance improving, yet occupancy under 60% for the second time since 2011. RevPAR recovery at 83% versus 2019. Much uncertainty on when group, meeting, and convention business will return.



- 10 of 15 markets are exceeding 2019 ADR, driven by higher-end travelers willing to spend. Business recovery points to 2023 for domestic demand and 2024 for international, while most likely not returning to 2019 levels.



- Region heavily dependent on US as a feeder market. Recovery for the region will be impacted by improved vaccination rates and general traveler risk perception as it relates to political, safety, and health concerns.



- Disrupted air connectivity and capacity as three major airlines filed for bankruptcy in 2020.
- Lima and Bogota's oversupply will impact recovery.
- Recovery for other key markets like Santiago, Quito, Montevideo, and Guayaquil is expected to be slow.

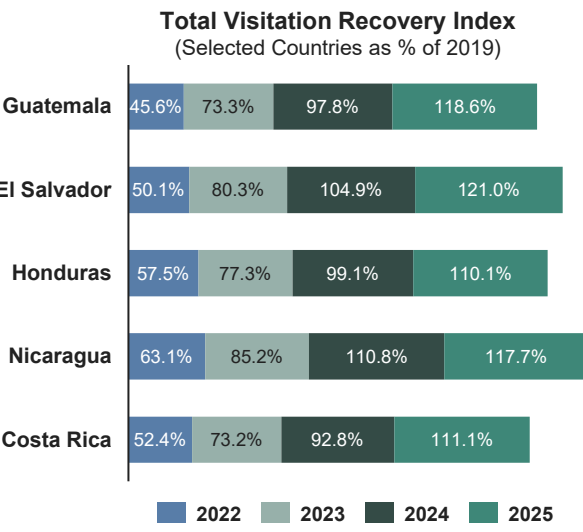
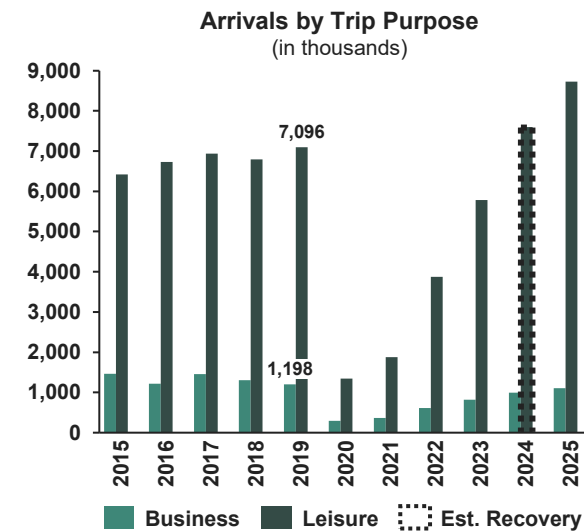
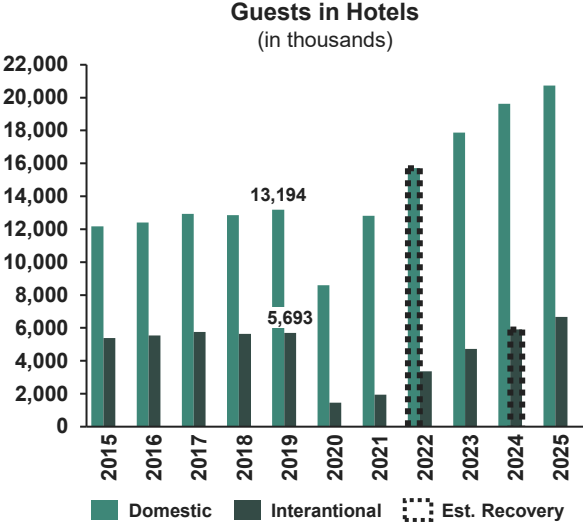
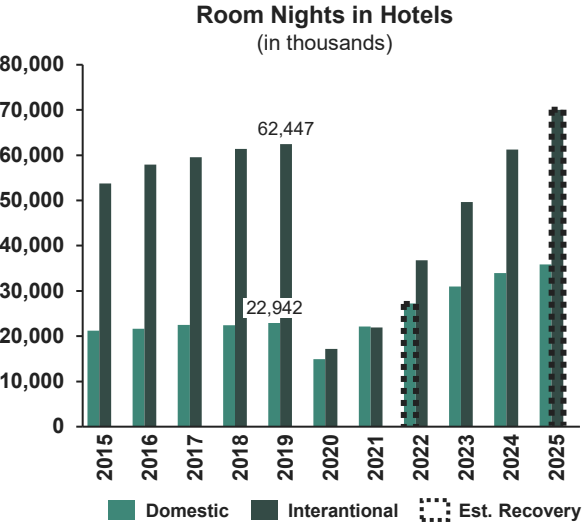


Footnotes: (*) YTD data as of October Source: STR and Ankura Research

Political instability in Central America may threaten traveler perception.

Perception of high political risks will subdue recovery in the long-term

Central America



Observations & Key Risks Factors

- The region is comprised of small and relatively open economies, imperiled with distinct levels of political instability that have an impact on traveler perception, especially for the international traveler.
- Over the last few years and most notably in Nicaragua, Honduras, Guatemala, and El Salvador, there has been some democratic erosion. Pending the degree of instability this causes, it will create a perception of high political risks in the immediate to long-term. The most notable and current example being Nicaragua.
- The region has a heavy US reliance for both exports and imports, especially when it comes to business and leisure travel. While the Caribbean is the most tourism dependent region, Central America has a high tourism dependency index.

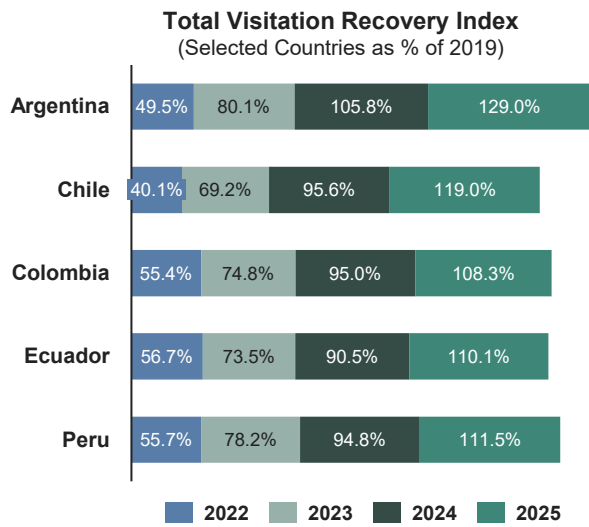
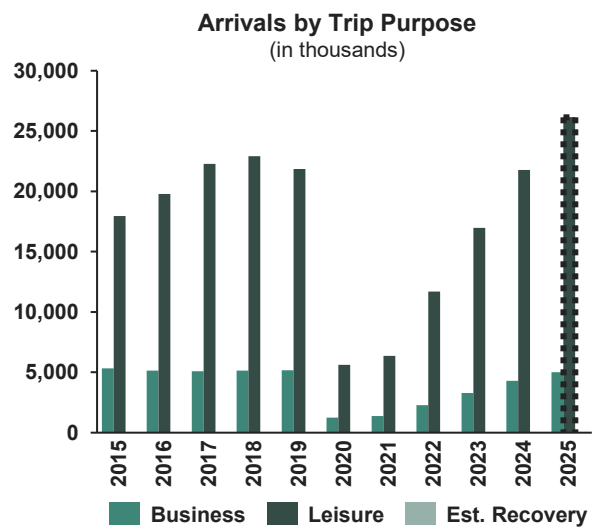
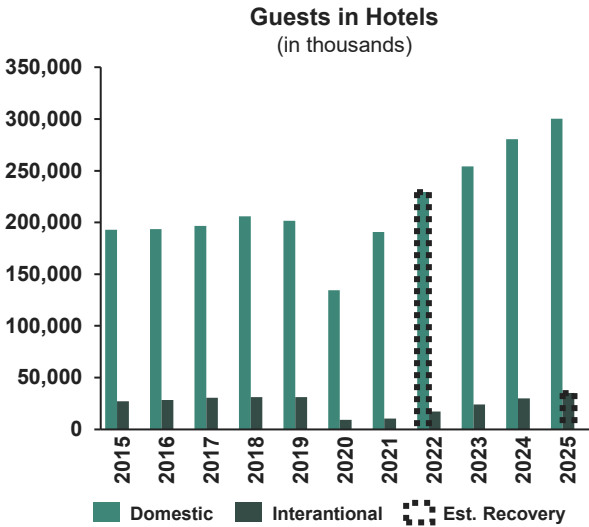
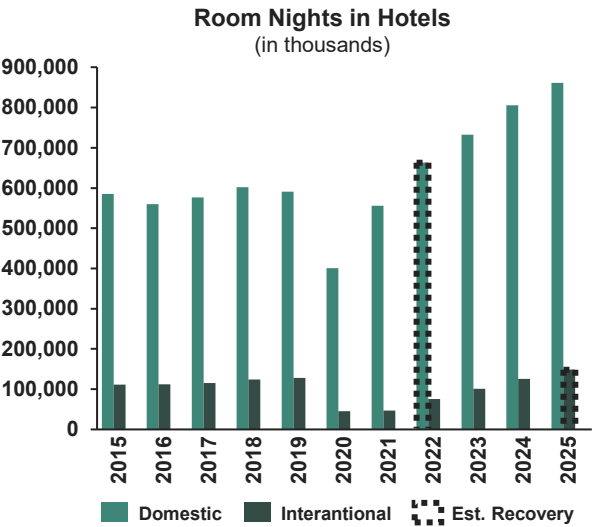
Market	Travel Status	CDC Covid Warning *	Travel Requirements / Restrictions
Belize	Open	Very High	<ul style="list-style-type: none">All airports and land borders are openNegative Covid result – PCR test (96 hours) or Antigen test (within 48 hours)Confirmed minimum 3-night stay at a Belize Tourism Board Certified Hotel.Visitors through northern and western borders will be administered a Rapid Test for COVID-19 at own expense.
Guatemala	Open	Moderate	<ul style="list-style-type: none">Negative Covid test (within 72 hours), or complete vaccination (two weeks before arrival), or verified recovery within 3-months of arrival.
El Salvador	Open	Moderate	<ul style="list-style-type: none">Negative Covid test (within 72 hours) or complete vaccination (two weeks before arrival).
Honduras	Open	Very High	<ul style="list-style-type: none">Negative Covid test (within 72 hours) or complete vaccination (two weeks before arrival).A completed immigration pre check must be submitted on arrival.
Nicaragua	Open	Unknown	<ul style="list-style-type: none">Negative Covid test (within 72 hours).
Costa Rica	Open	High	<ul style="list-style-type: none">All travelers must complete a digital Health Pass.Unvaccinated must purchase travel insurance (covering lodging and medical expenses).Negative Covid test (within 72 hours), or complete vaccination (two weeks before arrival)
Panama	Open	Very High	<ul style="list-style-type: none">Unvaccinated travelers must present a Negative Covid test (within 72 hours)All travelers must present a completed Electronic Health Affidavit to airline carrier.Curfews in place for some areas and masks are still mandatory in most situations.

* The US Center for Disease Control (“CDC”) uses Travel Health Notices to alert travelers about health threats around the world and advise on how to protect themselves.

A lack of international demand will subdue South America’s recovery.

Much like in other regions, domestic leisure demand is playing a crucial role in the recovery

South America



Observations & Key Risks Factors

- Compared to the Caribbean where tourism is completely dependent on international arrivals (the US being a key feeder market), across several South American countries, such as Argentina, Brazil, Chile, Colombia, and Peru, domestic tourism plays a similar crucial role for the sector.
- According the latest available Travel and Tourism Competitiveness Report, “South America has a relatively small travel and tourism economy, defined by disproportionally low international tourist arrivals, which explains the subregion’s dependence on domestic travel and tourism markets. This can be due to the region’s underdeveloped air and ground transport infrastructure.”
- However, the lack of international demand to certain key markets such as Bogota, Buenos Aires, Quito, Lima, and Montevideo coupled with lack of flights and a potential oversupply in certain markets will delay the recovery.

Market	Travel Status	CDC Covid Warning *	Travel Requirements / Restrictions
Argentina	Partially Open	Very High	<ul style="list-style-type: none">Open to foreign nationals who are fully vaccinated.Must take a COVID-19 test between the 3rd and 5th day of arriving and avoid large gatherings and social gatherings for the first 5 days post arrival.Mandatory social distancing throughout the country.Use of facemask is mandatory in shared spaces, both indoors and outdoors.
Chile	Partially Open	High	<ul style="list-style-type: none">Entry to Chilean nationals or a resident foreign nationals only. Non-resident foreign national may enter with proof of vaccination certified by Chilean authorities prior to travelHealth authorities at Santiago Airport will require all travelers to complete a daily self-report for 10 days via an online form.Four airport open, Arturo Merino Benítez, Iquique, Antofagasta, and Punta Arenas.Opening of five land border crossings previously announced to open on January 4 have been postponed.
Colombia	Open	High	<ul style="list-style-type: none">Colombia has reopened all land, sea and river borders.All passengers are required proof of vaccination and negative PCR (within 72 hours).
Ecuador	Open	High	<ul style="list-style-type: none">All passengers require vaccination and pre-arrival COVID test to enter.Land border with Peru is closed. (Nationals and foreign residents may re-enter)
Peru	Partially Open	High	<ul style="list-style-type: none">Proof of vaccination required for entry

* The US Center for Disease Control (“CDC”) uses Travel Health Notices to alert travelers about health threats around the world and advise on how to protect themselves.

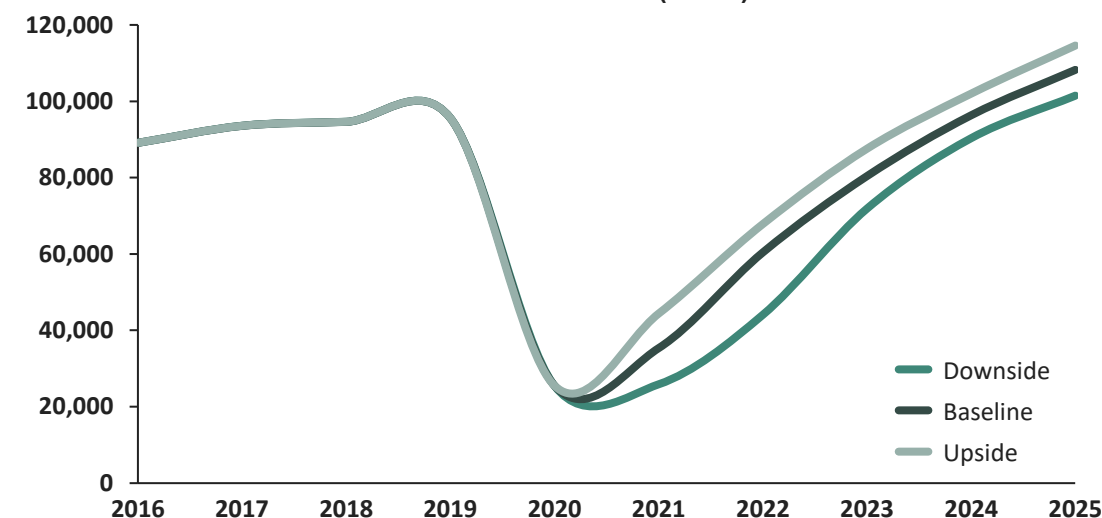
The road to recovery for the tourism and travel industry is long.

Omicron will have a minor effect; Winter season will dampen short-term recovery, but opportunities loom

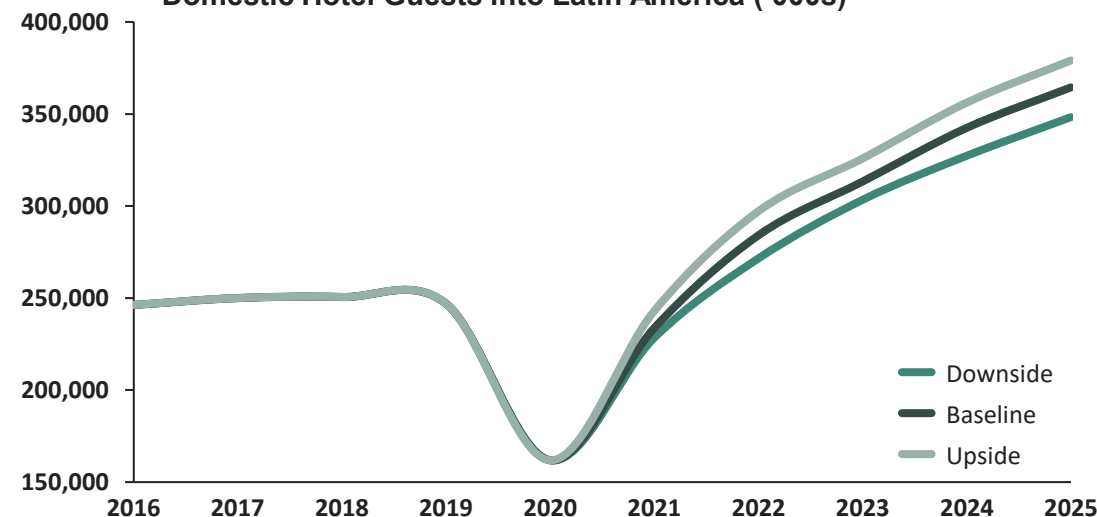
Regional Summary | Five-Year Outlook

- While international tourism is still absent, domestic tourism continues to drive the recovery in many destinations, particularly those with large domestic markets.
- Expectations are that in 2022, the region should experience a slight recovery in inbound arrivals, but still well below pre-pandemic 2019 levels.
- The global pace of recovery will be delayed due to the varying degrees of mobility restrictions, delayed border openings (i.e., land borders), vaccination rates, potential new covid variants, and reduced traveler confidence.
- The recent rise in Covid cases due to Omicron will delay the recovery timeline, as a result of impacting traveler confidence at least during the first quarter of 2022.
- According to the World Health Organization (WHO), travel bans are not effective in suppressing international spread. Instead of travel bans, the WHO states travel measures should be implemented, in order to control further spread.
- We believe the impact of both Delta and Omicron will not be as severe as to what was experienced at the outset of the pandemic, considering lessons learned will likely be leveraged and travelers will continue to adapt. The recovery in travel and tourism for Latin America will most likely depend on the following:
 - A tourism sector that can apply the lessons learned should be better prepared to react under a constantly evolving environment. Any future cross-country policy responses should limit reinstating extreme travel restrictions, changes around visas, increases in quarantine requirements, mandatory testing, or new implementation of lockdowns.
 - Travelers grasping the difference between a temporary outbreak versus an endemic presence should learn how to safely travel while taking the necessary precautions;
 - Continued rise in vaccination rates and booster shots;
 - An uptick in companies' planned return to the office leading to resumed business travel;
 - Reinstatement of air routes by the key regional airlines, such as LatAm, Copa, Avianca, Azul, and Gol.

Inbound Arrivals into Latin America ('000s)



Domestic Hotel Guests into Latin America ('000s)





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