RISK FACTORS

Risks Related to Our Operations

The COVID-19 pandemic has had and could continue to have a negative impact on our operations.

The outbreak of the coronavirus disease 2019 (“COVID-19”) began in December 2019, and on January 30, 2020, the World Health Organization (“WHO”) designated the outbreak a public health emergency of international concern. Travel advisories and restrictions were issued for people traveling to and from certain areas and countries, including, in some cases, the closure of international borders. Airlines, in many cases, temporarily suspended or reduced flights to and from those areas and countries. In addition, on March 8, 2020, the U.S. Department of Health and Human Services’ Center for Disease Control and Prevention (“CDC”) issued traveler advice recommending that travelers postpone cruise ship travel worldwide and that older adults and travelers with underlying health issues avoid, among other things, non-essential long plane trips. On March 11, 2020 the WHO designated the outbreak of COVID-19 a pandemic.

On March 19, 2020, the United States issued a travel advisory recommending that citizens avoid all international travel. The following day, on March 20, 2020, the United States closed its land border with Mexico, except to permit essential travel and trade and commerce. The closure has been extended to at least April 21, 2021.

On March 23, 2020, the United States Federal Aviation Authority (“FAA”) approved a request by the Governor of the Commonwealth of Puerto Rico (“Puerto Rico”) to redirect all commercial flights bound for Puerto Rico through LMM Airport and that all passengers be screened by representatives of the Puerto Rico Health Department. On March 30, 2020, the Governor of Puerto Rico, through an executive order of indefinite term, imposed a two-week quarantine on all passengers arriving at the LMM Airport. Starting on July 15, 2020, the Governor of Puerto Rico began implementing the following additional measures: all passengers must wear a mask, complete a mandatory flight declaration form from the Puerto Rico Health Department and submit negative results of a PCR molecular COVID-19 test taken 72 hours prior to arrival to avoid having to undergo the two-week quarantine. The LMM Airport has remained open and operating throughout the COVID-19 pandemic, albeit with substantially reduced flight and passenger volumes.

Beginning on January 26, 2021, by CDC order, within three days of departure to the United States, air passengers entering the United States are required to obtain a viral test and provide the airline on which they are traveling written documentation of their negative test result or documentation that evidences that they have recovered from COVID-19. Additionally, passengers must get tested again 3 to 5 days after arrival in the United States and self-quarantine for 7 days after their arrival. Beginning on January 7, 2021, Canada established similar testing requirements for air passengers travelling to Mexico. Subsequently, the Canadian government suspended flights between Canada, Mexico and the Caribbean until April 30, 2021. Additionally, foreign nationals may not enter Canada for non-essential reasons including leisure, visits, weddings or upkeep of property. As of April 2, 2021, CDC guidelines specify that fully vaccinated travelers and those who recovered from COVID-19 in the past 3 months do not need to get tested before or after travel unless their destination requires and that such travelers do not need to self-quarantine. Unvaccinated travelers must still get tested before and after travel and self-quarantine. Several Mexican airports have implemented COVID-19 test sites certified by the government, which are operated by third parties, who have been granted the space to provide this service at the airports of Cancun, Cozumel, Mérida, Veracruz and Oaxaca.

There are currently no travel restrictions from the United States related to COVID-19 specific to Colombia. However, Colombia temporarily barred entry of passengers into its territory beginning on March 23, 2020, including to its own citizens, and on March 24, 2020, Colombia began a nationwide quarantine, which was initially scheduled to last until April 13, 2020. The quarantine was subsequently extended several times through August 31, 2020. All incoming international flights, including connecting flights in Colombia, were suspended by the Colombian government starting March 23, 2020. This suspension was extended through September 21, 2020, with certain exceptions for humanitarian emergencies and transportation of cargo and goods, among others. Similarly, domestic air travel in Colombia was suspended starting March 25, 2020. Consequently, our commercial aviation operations in Colombia were suspended starting as of such dates. Starting September 1, 2020, several of our Colombian airports reestablished passenger commercial flights under the initial phase of the gradual connectivity plan announced by the Civil Aviation Authority in Colombia, and by October 2, 2020, all of our Colombian airports had reestablished passenger commercial flights. International flights to Colombia resumed on September 21, 2020, albeit on a limited basis, as part of the gradual reactivation. Beginning on January 7, 2021, Colombia re-introduced a negative test requirement for entry into its territory, and passengers on incoming international flights to Colombia must submit negative results of a PCR molecular COVID-19 test taken within 96 hours of their departure to Colombia (subject to certain exemptions which permit entry for passengers who verbally state their difficulty in obtaining or receiving the results of a PCR molecular COVID-19 test within the required time period to either take the test in Colombia and remain isolated until receiving a negative test result or forego taking the test and remain in preventative isolation for at least 14 days).

Starting on March 15, 2020, Mexico asked its citizens to avoid non-essential international travel, and on March 28, 2020, Mexican health authorities asked residents to reduce their activities and stay at home until April 30, 2020. Mexico’s General Health Council (*Consejo de Salubridad General*), which reports directly to the Mexican President, has recognized COVID-19 as a disease that requires “priority attention” and on March 30, 2020, declared a national health emergency in response to the COVID-19 pandemic. The Mexican government has implemented various measures to control the spread of COVID-19, including extraordinary actions, such as school closures and the suspension of non-essential activities, in the regions most affected. For purposes of these measures, airports are considered essential and our Mexican airports have remained operational. In June 2020, the Mexican federal government implemented a four-color stoplight system to indicate the risk and restrictions, if any, imposed in each of Mexico’s 32 states. Under “red” in the stoplight system, only essential activities are allowed. As of April 6, 2021, Mexico City is orange, and of the rest of the Mexican states which our airports serve, Yucatan is orange, Oaxaca, Quintana Roo and Tabasco are yellow and Chiapas and Veracruz are green. The stoplight system is updated every fifteen days. We cannot guarantee that any areas currently classified as green, yellow or orange will not turn to red in the future, which could result in restrictions on, among other things, access to beaches and reductions in permissible hotel capacity.

The pandemic has decreased overall demand for air travel. The spread and persistence of COVID-19 (and any related travel advisories and restrictions) to regions in which we operate or to regions from which a significant portion of our international passengers or international flights originate has and could continue to disrupt our operations or significantly affect passenger and cargo traffic levels. We experienced a significant reduction in passenger traffic in Puerto Rico, Mexico and Colombia starting in March 2020 as a result of the actions taken by Mexican, U.S., Colombian and other governments and from the broader reduction in demand for air travel caused by the COVID-19 pandemic. Passenger traffic continued to decline sharply across our airport network in the subsequent months, although year over year declines have been lower since June 2020. We took a number of actions in response to the decrease in demand for air travel and passenger traffic, including (a) the temporary closure of terminals 2 and 3 in our Cancún airport, (b) cost reduction initiatives, although most of our cost structure is fixed and (c) the Company entered into new agreements with several airline and commercial clients to extend their payment terms by signing promissory notes, including for any past due amounts, with a maturity of not more than one year in Mexico and Colombia. Most of our cost structure is fixed, and the impact from these cost reduction measures is not expected to be significant vis à vis the potential decline in revenues resulting from the disruption in passenger traffic across the Company’s operations.

Several COVID-19 vaccines have been developed or are being developed. the United States has approved three for use, Mexico has approved five for use and Colombia has approved four for use. Access to and distribution of the vaccines varies by area and country, and it appears that the long-term efficacy of the vaccines is still under study. While the development of such vaccines could allow both international and domestic passengers to travel more freely to, from and within the countries and areas in which we operate, vaccination programs are still ongoing and the effect of the vaccines on our operations, including the timing of such effect, cannot be predicted at this time. Even where formal advisories and restrictions have been lifted or reduced, the increased spread or resurgence of COVID-19 could result in the reintroduction of or increase in such formal advisories and restrictions. We expect that the COVID-19 pandemic will continue to severely impact the countries and regions where we operate in 2021. We have established health and safety protocols aimed at enhancing the well-being of passengers and essential operating personnel across the airports we operate. Protective gear is required for staff working on the premises, and sanitization practices in accordance with the guidelines of local health authorities are in place. We have also implemented a remote working policy for staff where possible.

The COVID-19 pandemic still affects the industry, recording a high number of cases. To date, the consequences it might have on our business and results remain uncertain. The Company continues assessing this impact, controlling its commitments and implementing actions in response to possible events relating to the COVID-19 contingency that, to date, cannot be estimated.

International events, including acts of terrorism, wars and global epidemics, could have a negative impact on international air travel.

International events such as the terrorist attacks on the United States on September 11, 2001, wars and public health crises such as the Influenza A/H1N1 pandemic of 2009-2010 and the COVID-19 pandemic have disrupted the frequency and pattern of air travel worldwide in recent years.

The terrorist attacks on the United States on September 11, 2001 had a severe adverse impact on the air travel industry, particularly on Unites States' carriers and carriers operating international service to and from the United States. Airline traffic in the United States fell precipitously after the attacks. In Mexico, airline and passenger traffic decreased substantially, although the decrease was less severe than in the United States. Our airports experienced a significant decline in passenger traffic following September 11, 2001. Any future terrorist attacks, whether or not involving aircraft, will likely adversely affect our business, results of operations, prospects and financial condition.

Historically, a majority of our revenues have been from aeronautical services, and our principal source of aeronautical revenues is passenger charges. Passenger charges are payable for each passenger (other than diplomats, infants, transfer and transit passengers) departing from the airport terminals we operate, collected by the airlines and paid to us. In 2020, passenger charges represented 26.1% of our consolidated revenues.

On February 1, 2016, the WHO designated the Zika virus and its suspected complications in newborns an international public health emergency. The CDC has issued a travel advisory for people traveling to regions within the Zika virus outbreak, which include popular destinations in Mexico, Colombia and Puerto Rico. While we do not believe these travel advisories to Mexico, Colombia and Puerto Rico have negatively affected the frequency and pattern of travel to our airports, any future public health crises and related travel advisories could disrupt our operations or significantly affect passenger and cargo traffic levels.

The COVID-19 outbreak has had and could continue to have a negative impact on our operations. See "Item 3. Key Information—Risk Factors— Risks Related to Our Operations—The COVID-19 pandemic has had and could continue to have a negative impact on our operations."

Because our revenues are largely dependent on the level of passenger traffic in our airports, any general increase of hostilities relating to reprisals against terrorist organizations, further conflict in the Middle East, pandemics or outbreaks of health epidemics such as Influenza A/H1N1, SARS, avian influenza, COVID-19 or other events of general international concern (and any related economic impact of such events) could result in decreased passenger traffic and increased costs to the air travel industry and, as a result, could cause a material adverse effect on our business, results of operations, prospects and financial condition.

Hurricanes and other natural disasters have adversely affected our business in the past and could do so again in the future.

The southeast region of Mexico and Puerto Rico, like other Caribbean destinations, experience hurricanes, particularly during the third quarter of each year. Portions of the southeast region of Mexico, the Caribbean region of Colombia and Puerto Rico also experience earthquakes from time to time. Natural disasters may impede operations, damage infrastructure necessary to our operations and/or adversely affect the destinations served by our airports. Any of these events could reduce our passenger traffic volume. The occurrence of natural disasters in the destinations we serve has adversely affected, and could in the future adversely affect, our business, results of operations, prospects and financial condition. Some experts believe that climate change due to global warming could increase the frequency and severity of hurricanes in the future. We have insured the physical facilities at our airports against damage caused by natural disasters, accidents or other similar events, but do not have insurance covering losses due to resulting business interruption. Moreover, should losses occur, there can be no assurance that losses caused by damages to the physical facilities will not exceed the pre-established limits on the policies.

On October 21, 2005, Hurricane Wilma struck the Yucatán Peninsula, causing severe damage to the infrastructure of the Cancún and Cozumel airports and to our administrative office building in Cancún. The hurricane also inflicted extensive damage on the hotel and tourist infrastructure in Cancún, the Mayan Riviera region and Cozumel, which led to a sharp, short-term reduction in air passenger traffic at our Mexican airports that lasted three fiscal quarters.

On September 20, 2017, Hurricane Maria struck Puerto Rico, damaging LMM Airport in San Juan, Puerto Rico and causing significant damage to the entire island. Operations at LMM Airport were suspended at 7:30 pm on September 19, 2017 and resumed on a limited basis on September 21, 2017 with 10 flights, increasing progressively to 41 daily flights by the end of September 2017. Operations at LMM Airport returned to a regular schedule during the fourth quarter of 2017. Terminal buildings of LMM Airport suffered minor damage in sections that were out of operation before the airport was closed. Airport infrastructure was insured against these events. The hurricane inflicted extensive damage on the hotel and tourist infrastructure in Puerto Rico, which led to sharply reduced air passenger traffic at LMM Airport, especially during the third and fourth quarters of 2017. During the third and fourth quarters of 2017, our passenger traffic in Puerto Rico decreased 15.8% relative to the same period in 2016. Our passenger traffic in Puerto Rico also decreased 0.4% in 2018 relative to 2017.

In September 2017, a series of earthquakes shook central and southern Mexico. On September 7, 2017, an 8.1 magnitude earthquake struck Chiapas, Oaxaca, killing at least 98 people, injuring over 300 persons, causing the issuance of a tsunami warning for the entire Pacific coast of Central America by the Pacific Tsunami Warning Center, and damaging buildings and roads in Mexico City. On September 19, 2017, a 7.1 magnitude earthquake affected the states of Puebla and Morelos as well as the Greater Mexico City area, killing 370 people and injuring over 6,000 people. The earthquake caused at least 44 buildings in Mexico City to collapse and temporarily shut down Mexico City International Airport. Finally, on September 23, 2017, a 6.1 magnitude earthquake hit Oaxaca, causing six deaths and injuring seven others, resulting in total damage of Ps.9.4 billion. Neither the Mexico City earthquake nor the earthquake in Oaxaca caused substantial damage to our facilities or resulted in material interruptions to our operations.

Between December 2019 and February 2020, a series of earthquakes shook Puerto Rico. The first earthquake in the series, a 4.7 magnitude earthquake, struck on December 28, 2019. The last earthquake in the series, a 5.0 magnitude earthquake, struck on February 4, 2020. The largest earthquake in the series was a 6.4 magnitude earthquake that struck on January 7, 2020. The Governor of Puerto Rico declared a state of emergency in response on January 7, 2020. The series of earthquakes caused power and water outages across Puerto Rico and estimates of financial losses exceed U.S. $3 billion. LMM Airport remained open throughout the series of earthquakes. The series of earthquakes did not cause substantial damage to LMM Airport and did not result in material interruptions to our operations.

The effects of oil spills could adversely affect our business.

The Gulf of Mexico is the site of widespread deep-water oil drilling and extraction. Deep-water oil drilling inherently carries a number of significant risks. On April 21, 2010, there was an explosion on the “Deepwater Horizon” drilling platform operated by BP in the Gulf of Mexico. The oil-drilling platform was located 41 miles from the coast of Louisiana. The explosion and sinking of the platform caused a huge oil spill that spread along the U.S. coast in the Gulf of Mexico, and reached parts of Florida, Louisiana, Mississippi, Alabama and Texas. BP made several attempts to try to contain the spill and capture the oil. On September 19, 2010, the well was successfully plugged and declared “effectively dead.”

The oil spill did not affect the destinations served by our Mexican airports. However, if oil spills or similar disasters occur in the future, these destinations could be adversely affected, thereby reducing our volume of passenger traffic. Oil spills or other similar disasters in or around the destinations served by our airports could adversely affect our business, operating results, prospects and financial condition.

Our business could be adversely affected by a downturn in the economies of the United States, Mexico or Colombia.

The air travel industry, and consequently, our results of operations, are substantially influenced by economic conditions in Mexico, Colombia and the United States. In 2018, 2019 and 2020, 58.4%, 55.7% and 66.2%, respectively, of the international passengers in our Mexican airports arrived or departed on flights originating in or departing to the United States. 53.8%, 52.5% and 45.5% of our revenues from Mexican passenger charges in 2018, 2019 and 2020, respectively, were derived from charges imposed on international passengers. Similarly, in 2018, 2019 and 2020, 47.7%, 48.8% and 55.9%, respectively, of passengers in our Mexican airports traveled on Mexican domestic flights. 46.2%, 47.5% and 54.5% of our revenues from Mexican passenger charges in 2018, 2019 and 2020, respectively, were derived from Mexican domestic passenger charges. When the economies of either the United States or Mexico are in recession, as they were when the gross domestic products of both countries declined in the fourth quarter of 2008 and again in 2009, the number of international passengers in our Mexican airports that arrive or depart on flights originating in or departing to the United States have been adversely affected. Similarly, a recession of the Colombian economy could cause the number of Colombian domestic passengers in our Colombian airports to decline. In 2018, 2019 and 2020, 43.9%, 41.8% and 41.1%, respectively, of our revenues from Colombian passenger charges were derived from Colombian domestic passenger charges.

We believe that the results of operations for our Mexican airports were affected differently by the U.S. and Mexican recessions of 2008 and 2009. Because of the perception of Cancún, Cozumel and the Mayan Riviera as more economical vacation destinations, we believe that our Mexican airports were well-placed to take advantage of the economic recovery in the United States following the 2008-2009 recession. We cannot predict how economic conditions in the United States may develop in the future or how these conditions will affect tourism and travel decisions. In addition, whether destinations served by our airports will be viewed as adequate substitutes for other tourist destinations depends on a number of factors, including the perceived violence and security, attractiveness, affordability and accessibility of Cancún, Cozumel and the Mayan Riviera as desirable vacation destinations. We are unable to control many of these factors and, therefore, we cannot assure you that this substitution effect would occur again if the United States were to experience another recession.

The outbreak of COVID-19 has adversely affected the economies and financial markets of many countries, including the United States, Mexico and Colombia. The extent to which the COVID-19 outbreak continues to impact these economies will depend on future developments, which are highly uncertain and cannot be predicted, including the duration and scope of the COVID-19 outbreak and the actions taken to contain or treat such outbreak, including the development, access to and distribution of vaccines, within the United States, Mexico and Colombia and around the world. As a result, it is possible that the United States, Mexico and Colombia will experience a significant economic downturn, and the United States, Mexico and Colombia have technically entered into recessions in 2020 following the outbreak of COVID-19. The extent and effect of these recessions is difficult to predict, including whether these recessions and any recovery, will be similar to past periods of recession and recovery.

In Mexico, the 2008-2009 recession resulted in an overall decrease in levels of Mexican domestic passenger traffic as compared to historical passenger traffic levels, although Mexican domestic passenger levels have increased in recent years as the economy has continued to recover. In 2019, Mexican domestic passenger traffic increased 5.3% from 2018. In 2020, Mexican domestic passenger traffic decreased 44.6% from 2019. Among Mexican leisure travelers, destinations served by our airports are generally not perceived as economical vacation destinations, and as a result, they did not benefit, and are unlikely to benefit in the future, from the substitution effect that we believe occurred with respect to passengers traveling to and from the United States. In addition, a portion of our Mexican domestic passengers are business travelers, whose demand for travel was adversely affected by the 2008-2009 recession. In recent years, there has been an uptick in Mexican domestic travel to certain destinations, such as Cozumel, Huatulco, Mérida, Oaxaca and Cancún (Cancún in particular experienced 12.4% and 2.3% increases in Mexican domestic passenger traffic in 2018 and 2019, respectively, but experienced a 39.3% decrease in 2020). So far, our other Mexican airports have continued to experience fluctuations in their passenger traffic, but, prior to the spread of COVID-19, nearly all of them had returned to traffic levels at or above those prior to the 2008-2009 recession.

Further, Mexican, Colombian and U.S. political and social developments, over which we have no control, may affect the economic environment in Mexico, Colombia and the United States, and consequently, may contribute to economic uncertainty. Such conditions may adversely affect our business and results of operations.

The economy of Puerto Rico has been in a recession since 2006 and conditions have worsened in recent years, particularly as a result of Hurricanes Irma and Maria in 2017. Following the failure of several Puerto Rico government instrumentalities to make debt service payments on their outstanding debt obligations, on June 30, 2016, United States President Barack Obama signed the Puerto Rico Oversight, Management and Economic Stability Act ("PROMESA") into law. PROMESA provides Puerto Rico with access to bankruptcy-like tools and creates a fiscal oversight framework containing measures that include, among others, the establishment of a seven-member Oversight Board to oversee the development of budgets and fiscal plans for Puerto Rico's government and instrumentalities. In particular, PROMESA allowed the Oversight Board to petition U.S. courts to restructure debt on behalf of Puerto Rico's central government on May 3, 2020, Puerto Rico's Highways and Transportation Authority and Government Retirement System on May 21, 2017 and the Puerto Rico Electric Power Authority ("PREPA") on July 2, 2017.

In September of 2019, the Oversight Board submitted a joint plan of adjustment to the United States District Court for the District of Puerto Rico. However, in late December 2019 and January 2020, a series of earthquakes and their aftershocks caused extensive damage to parts of Puerto Rico's infrastructure. In addition, Puerto Rico was significantly impacted by the COVID-19 pandemic that began in early 2020, which has had a substantially adverse effect on the health of its population and economic activity. On May 27, 2020, the Oversight Board announced its certification of a revised fiscal plan for Puerto Rico which includes updated forecasts of the Puerto Rico economy following the events described above. The combined impact of Hurricanes Irma and Maria, the earthquakes and aftershocks, and the pandemic significantly hampered the Oversight Board's timeline and efforts to restructure Puerto Rico's debt and could continue to have substantially adverse effects on Puerto Rico's economy and restructuring efforts. In addition to diverting funds to relief and recovery efforts, Puerto Rico is expected to lose revenue as a result of decreased tourism and general business operations. There can be no assurances that Puerto Rico will receive the necessary aid to rebuild from the damage caused by Hurricanes Irma and Maria, the earthquakes and aftershocks, and the pandemic, and it is not currently possible to predict the long-term impact that these and other natural disasters and public health crises may have. On February 23, 2021, the Oversight Board announced it had reached a new debt restructuring agreement with holders of a substantial portion of the central government's bonds and would submit a revised plan of adjustment to the United States District Court for the District of Puerto Rico. It is uncertain what impact the foregoing developments will have on the future business and economic conditions of Puerto Rico. Further, a prolongation of Puerto Rico's fiscal crisis, or a worsening of the crisis, could have an adverse effect on the Puerto Rico economy. Aerostar Airport Holdings, LLC, our joint venture with the Public Sector Pension Investment Board ("PSP Investments"), in which we possess a 60% ownership interest and whose results we have consolidated into our financial statements, has operated the LMM Airport in Puerto Rico since February 27, 2013. The worsening economic conditions in Puerto Rico may adversely affect the LMM Airport's business and results of operations.

Changes in U.S. immigration and border policy could adversely affect passenger traffic to and from Mexico and Colombia.

The results of presidential and congressional action in the United States could result in significant changes in, and uncertainty with respect to, immigration and border policy. Immigration reform, especially with respect to Mexico, continues to attract significant attention in the public arena and U.S. Congress. If new federal immigration legislation is enacted, such laws may contain provisions that could make it more difficult for Mexican and Colombian citizens to travel between Mexico and Colombia, respectively, and the United States. In addition, new immigration, border and trade legislation could lead to uncertain economic conditions in Mexico that may affect leisure or business travel, including travel to and from Mexico. Such restrictions could have a material adverse effect on our passenger traffic results.

Fluctuations in international petroleum prices could reduce demand for air travel.

Fuel represents a significant cost for airlines. International prices of fuel have experienced significant volatility in recent years. Most of our airline customers use kerosene-based jet fuel, the price of which is based upon the U.S. spot prices for that fuel plus the cost of transportation to each airport. Although the U.S. Gulf Coast spot price for jet fuel has decreased from its high of U.S.$4.81 per gallon on September 12, 2008, it has continued to fluctuate in 2020, with a high of U.S.$1.97 per gallon on January 3, 2020 and a low of U.S.$0.41 per gallon on April 27, 2020, according to the Energy Information Administration of the U.S. Department of Energy. As of April 5, 2021, the U.S. Gulf Coast spot price for jet fuel was U.S.$1.582 per gallon. The price of fuel may be subject to further fluctuations resulting from a reduction or increase in output of petroleum, voluntary or otherwise, by oil-producing countries, other market forces, a general increase in international hostilities or any future terrorist attacks. In addition, a number of airlines have engaged in hedging strategies with respect to fuel prices. Because of the decline in fuel prices, there have been reports suggesting that these hedging strategies have resulted in those airlines incurring derivative-related liabilities. Increases in airlines’ costs may result in higher airline ticket prices and may decrease demand for air travel generally, thereby having an adverse effect on our revenues and results of operations.

The loss or suspension of operations by one or more of our key customers could result in a loss of a significant amount of our revenues.

The global airline industry has recently experienced and continues to experience significant financial difficulties, marked by the filing for bankruptcy protection of several carriers and recent warnings regarding industry profitability. In November 2020, the International Air Transport Association, or IATA, issued its 2021 financial forecast for the global commercial airline industry, estimating a net post-tax loss of about U.S.$38.7 billion, due to the effects of COVID-19. The forecast also indicated that net loss margins were expected to decrease to -8.4% in 2021. The forecast assumes that there is some opening of borders by mid-2021, which may or may not happen; see “Item 3. Key Information—Risk Factors—Risks Related to Our Operations—The COVID-19 pandemic has had and could continue to have a negative impact on our operations.” On February 21, 2021, updating previous analysis, the IATA announced that it did not expect the airline industry to be cash positive until 2022. The IATA may further reduce its forecasts and the short-term and long-term effects of the COVID-19 outbreak on the global airline industry is still uncertain. The economic shock from the COVID-19 outbreak, which has been felt more acutely by airlines, has and may continue to trigger additional insolvencies within the global airline industry.

Our business and results of operations could be adversely affected if we do not continue to generate comparable portions of our Mexican regulated revenue from our key customers, including American Airlines (which accounted for 9.9% of our revenues in 2018, 9.4% in 2019 and 11.8% in 2020), United Airlines (which accounted for 9.3% of our revenues in 2018, 9.0% in 2019 and 8.6% in 2020) and ABC Aerolineas, S.A. de C.V. (“Interjet”) (which accounted for 10.4% of our revenues in 2018, 10.6% of our revenues in 2019 and 5.0% of our revenues in 2020). As of December 11, 2020, Interjet has stopped all flights, and it is not clear whether Interjet will resume operations.

On August 2, 2010, Mexicana, then one of Mexico’s two largest carriers and previously the airline which accounted for the largest share of our Mexican passenger traffic, filed for bankruptcy protection in Mexico and in the United States. On August 28, 2010, Mexicana, Mexicana Click, formerly known as Aerovías Caribe, and Mexicana Link (which we refer to collectively as “Grupo Mexicana”) ceased operations. On April 4, 2014, a Mexican court declared Grupo Mexicana to be officially bankrupt and ordered the sale of its assets to repay its creditors. Other airlines that serve our Mexican, Colombian and Puerto Rican airports, including American Airlines, United Airlines, Delta Air Lines and Avianca have also undergone bankruptcies over the past 20 years.

During 2020, Avianca Holdings, S.A. and certain of its subsidiaries and affiliates (on May 12, 2020), LATAM Airlines Group, S.A. and certain of its subsidiaries and affiliates (on May 26, 2020) and Grupo Aeromexico, S.A.B. de C.V. and certain of its subsidiaries and affiliates (on June 30, 2020) filed for bankruptcy protection in the United States, and all cited the pressure on their respective businesses from the COVID-19 pandemic.

With respect to the LATAM and Avianca proceedings, we have continued to be paid by Avianca and LATAM for amounts that have become due after their respective filings for bankruptcy protection. There has not been an assumption or rejection of the relevant agreements with Avianca and LATAM. We have not filed proofs of claims in either proceeding. In the LATAM proceedings, LATAM scheduled a contingent, unliquidated, and disputed claim on behalf of Aeropuerto de Cancún, S.A. de C.V. for an unknown amount, with no current claim value. In the Avianca proceedings, Avianca did not schedule any claims with respect to airports we operate.

With respect to the Aeromexico bankruptcy proceedings, we entered into two deferral agreements, one in April 2020 and the other in July 2020, deferring the remittance of Ps.213.4 million in passenger charges due to us, and requiring Aeromexico to remit those amounts in installments through April 2021. As of December 31, 2020, the amount outstanding was Ps.76.1 million. As of the date of this filing, Aeromexico has paid the remaining amounts outstanding in full. We have filed proofs of claim in the Aeromexico bankruptcy proceedings. Aeromexico has not opted to exercise their right in the bankruptcy proceedings to assume or reject our executory contracts or unexpired non-residential real property leases. If Aeromexico elects to assume our executory contracts and unexpired non-residential property leases, Aeromexico will continue performing under such contracts and leases and will have the obligation to cure all defaults under such contracts and leases. If Aeromexico elects to reject our executory contracts and unexpired non-residential property leases, Aeromexico's obligations under such contracts and leases will terminate and will provide us with a claim in the bankruptcy proceedings. We do not know at this time whether Aeromexico intends to assume or reject any or all of our executory contracts (rejection of any executory contract constitutes a breach of that contract as of the date of Aeromexico's filing for bankruptcy). Aeromexico will have until the bankruptcy court confirms a plan of reorganization in its bankruptcy proceedings to decide whether to assume or reject our executory contracts. Aeromexico requested an extension of the deadline to assume or reject nonresidential real property leases through and including April 26, 2021, which the bankruptcy court granted. As a result, we do not know at this time whether Aeromexico intends to assume or reject any or all of our nonresidential real property lease agreements (rejection of any lease constitutes a breach of that agreement). If Aeromexico rejects any executory contract or nonresidential real property lease, we would be entitled to assert a claim for damages related to such rejection as part of Aeromexico's bankruptcy proceedings, which claim would be subject to compromise pro rata with other similarly situated claims under a plan of reorganization.

During late March 2019, Interjet experienced a series of flight delays and cancellations resulting in part from a shortage of employees to serve all of Interjet's scheduled flights for the period. On December 11, 2020, Interjet suspended all flights and has not resumed operations.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law in the United States, which provided, among others, financial assistance to United States based airlines and airports. Several of our customers participated in the relief provided by the CARES Act. Despite the ongoing effects of the COVID-19 pandemic on airlines, additional relief may not be provided in the future, nor may similar government relief be made available to our customers based outside of the United States.

None of our contracts with our principal airline customers obligate them to continue providing service to our airports and we can offer no assurance that competing airlines would seek to increase their flight schedules if any of our key customers reduced their use of our airports. Our current agreements with our principal airline customers at our Mexican airports have been renewed, except for our agreement with Interjet. We do not have any contracts that will expire before April 30, 2021. With respect to our Colombian airports, our subsidiary Airplan, charges airlines various fees (relating to domestic routes, international routes and development). The tariffs are established by the Special Administrative Unit of Civil Aeronautics (*Unidad Administrativa Especial de Aeronáutica Civil*), or Aerocivil, through Resolution 04530 of 2007. As of December 31, 2020, the following airlines at our Colombian airports were subject to such tariffs: Avianca, Aerorepública (COPA), Wingo, Viva Air, LATAM, American Airlines, EasyFly, Spirit, Aeroméxico, Jet Blue, Satena, Iberia, Avior, Interjet, Air Europa, Tampa Cargo, LAN Cargo, Sky Lease, among others.

We expect that we will continue to generate a significant portion of our revenues from a relatively small number of airlines in the foreseeable future. Our business and results of operations could be adversely affected if we do not continue to generate comparable portions of our revenue from our key customers.

In addition, Mexican law prohibits an international airline from transporting passengers from one Mexican location to another (unless the flight originated outside Mexico), which limits the number of airlines providing domestic service in Mexico. Accordingly, we expect to continue to generate a significant portion of our revenues from Mexican domestic travel from a limited number of airlines.

Moreover, some of our commercial clients may face difficulties making their payments to our airports, including during the COVID-19 outbreak and the resulting decrease in air traffic. Any such difficulties could result in attempts to renegotiate our commercial clients' lease and payment terms, but we cannot guarantee that any attempted renegotiations would be successful. In the event of unsuccessful renegotiations, some commercial clients may choose to vacate our commercial spaces. We cannot guarantee that we will be able to re-lease any vacated commercial spaces. Any renegotiation process, cancellation of commercial leases or attempt to re-lease vacant space could lead us to incur costs and have a negative effect on our revenues.

We could be subject to fines, penalties and other adverse consequences pending the outcome of our appeal against the Mexican government's tax treatment of airport concessions at Cancún Airport.

When bidding was concluded for the shares of the Mexican airport group that became ASUR, the Ministry of Communications and Transportation agreed that the concessionaire could amortize the value of the concession at an annual rate of 15.0% for tax purposes. Contrary to this decision, in February 2012, the Ministry of Finance and Public Credit determined that this agreement was invalid and that the rate should instead be 2.0%. We filed an appeal in April 2012 to reverse this determination. In May 2013, while our appeal was pending, the Mexican federal government implemented a tax amnesty program for federal taxes, which we participated in by paying Ps.128.3 million to settle the claim with the Ministry of Finance and Public Credit solely with respect to income taxes. Our participation in the tax amnesty program, however, had no impact on our separate appeal of the amount of distributions owed by the Company under the mandatory employee statutory profit sharing regime established by Mexican federal labor laws. As of April 6, 2021, our appeal is still pending resolution with respect to such distributions. If we were to lose the appeal, we estimate that we would be required to pay an additional Ps.116.0 million.

The FAA could downgrade Mexico's air safety rating again, which could result in a decrease in air traffic between the United States and our airports.

On July 30, 2010, the FAA announced that, following an assessment of Mexico's civil aviation authority, it had determined that Mexico was not in compliance with international safety standards set by the International Civil Aviation Organization ("ICAO"), and, as a result, downgraded Mexico's aviation safety rating from "Category 1" to "Category 2." Under FAA regulations, because of this downgrade, Mexican airlines were not permitted to expand or change their current operations between the United States and Mexico except under certain limited circumstances, code-sharing arrangements between Mexican and United States' airlines were suspended and operations by Mexican airlines flying to the United States were subject to greater FAA oversight. These additional regulatory requirements resulted in reduced service between our airports and the United States by Mexican airlines or, in some cases, an increase in that cost of service, which resulted in a decrease in demand for travel between our airports and the United States. 3.2%, 3.0% and 1.2% of the passengers that traveled through our airports traveled on flights to or from the United States operated by Mexican airlines in 2018, 2019 and 2020, respectively.

The FAA restored Mexico's Category 1 rating on December 2, 2010. The FAA may downgrade Mexico's air safety rating in the future, although we are unaware of any current plans to do so. We cannot predict what impact the downgrade of the Mexican aviation safety rating would have on our Mexican passenger traffic or results of operations, or on the public perception of the safety of Mexican airports.

Our business is highly dependent upon revenues from Cancún International Airport.

In 2020, Ps.6,326.1 million (including construction services) or 50.1% of our revenues were derived from operations at Cancún International Airport. During 2018, 2019 and 2020, Cancún International Airport represented 75.8%, 74.6% and 74.2%, respectively, of our passenger traffic in Mexico and 55.6%, 54.8% and 51.9%, respectively, of our air traffic movements in Mexico. The desirability of Cancún as a tourist destination and the level of tourism to the area are dependent on a number of factors, many of which are beyond our control. For example, some media outlets continue to report an increase in the level of drug-related violence in Mexico. Although these reports generally indicate that this increase in violence affects mostly cities in northern Mexico and the west coast of Mexico and is generally not directed at tourists, the reports may have created a perception that Mexico has become a less safe and secure place to visit. In turn, we believe that it is possible that this perception has adversely affected the desirability of Cancún as a tourist destination. This perception may have been fueled further by travel advisories issued by the U.S. State Department on August 22, 2017, January 10, 2018 and December 17, 2019 that listed Cancún as a place in Mexico where visiting tourists must be cautious. In addition, in March 2018, the U.S. State Department issued a security alert for Playa del Carmen, a popular destination that attracts U.S. citizens and is served by Cancún International Airport. Additionally, during 2018 and 2019, the presence of gulfweed on beaches in the state of Quintana Roo reduced tourism to the area and caused a reduction in passengers during certain seasons, principally summer. The Presidential Commission on the Arrival of Gulfweed in the Mexican Caribbean estimated that gulfweed caused Ps.5,286 million in economic damage in 2018. In 2019, the presence of gulfweed caused an almost 30% reduction in tourism to beaches on the Yucatan Peninsula. The reasons behind the record amount of gulfweed and its sharp decline after September 2019 have not been determined. On September 8, 2020, the U.S. State Department issued a Level 3 travel advisory to reconsider travel to Mexico due to COVID-19, and recommended exercising increased caution in Mexico due to crime and kidnapping, as some areas have increased risk. None of the Mexican states in which we operate were cited as “do not travel to” or “reconsider travel to” zones in the September 8, 2020 travel advisory. We cannot assure you that tourism in Cancún will not decline in the future. Any event or condition affecting Cancún International Airport or the areas that it serves could have a material adverse effect on our business, results of operations, prospects and financial condition.

Increases in prevailing interest rates could adversely affect our financial condition.

An increase in prevailing interest rates could adversely affect our financial condition. As of December 31, 2020, we had U.S.$698.8 million in outstanding indebtedness, U.S.$338.2 million of which was floating rate. Any increased interest expense associated with increases in interest rates affects our ability to service our debt absent the benefit from any hedging arrangements. Accordingly, an increase in the prevailing interest rates applicable to our loans would increase our debt service costs, which in turn would negatively affect our results of operations. For further details regarding our indebtedness, see “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness.”

Security enhancements have resulted in increased costs and may expose us to greater liability.

The air travel business is susceptible to increased costs resulting from enhanced security and higher insurance and fuel costs. Following the events of September 11, 2001, we reinforced security at our airports. For a description of the security measures that we adopted, see "Item 4. Information on the Company—Business Overview—Non-Aeronautical Services—Airport Security." While enhanced security at our airports has not resulted in a significant increase in our operating costs to date, we may be required to adopt additional security measures in the future. Since October 2001, we carry a U.S.$150.0 million insurance policy covering liabilities resulting from terrorist acts at our Mexican airports. The insurance premiums we pay may be increased in the future, which would increase our costs of operation and affect our business results. Since 2018, we also carry a U.S.$250.0 million insurance policy for our Puerto Rico airport. Because our insurance policies do not cover losses resulting from war in any amount or from terrorism for amounts greater than U.S.$150.0 million, we could incur significant costs if we were to be directly affected by events of this nature. While governments in other countries have agreed to indemnify airlines for liabilities they might incur resulting from terrorist attacks, the Mexican government has not done so and has given no indication of any intention to do the same. In addition, fuel prices and supplies, which constitute a significant cost for airlines using our airports, may be subject to increases resulting from any future terrorist attacks, a general increase in international hostilities or a reduction in output of fuel, voluntary or otherwise, by oil producing countries. Such increases in airlines' costs have resulted in higher airline ticket prices and decreased demand for air travel generally, thereby having an adverse effect on our revenues and results of operations. In addition, because a substantial majority of our international flights involve travel to the United States, we may be required to comply with security directives of the FAA, in addition to the directives of Mexican and Colombian aviation authorities.

On May 1, 2014, the Mexican Bureau of Civil Aviation published mandatory circular CO SA-17.2/10 R3, which requires that all airlines screen checked baggage and that all airports have screening equipment that complies with specified guidelines. Each of our airports is outfitted with appropriate screening equipment, but compliance with CO SA-17.2/10 R3 could require us to purchase, install and operate additional equipment, if, among other possibilities, the specified guidelines are modified or if the new screening procedures were to fail to detect or intercept any attempted terrorist act occurring or originating at our airports. We cannot estimate the cost to us of any such liability, if any were to arise. In addition, because a substantial percentage of our international flights involve travel to and from the United States, we may be required to comply with security directives of the FAA in addition to the directives of Mexican aviation authorities. Security measures taken to comply with future security directives of the FAA or the Mexican Bureau of Civil Aviation or in response to a terrorist attack or threat could reduce passenger capacity at our airports due to increased passenger screening and slower security checkpoints and increase our operating costs, which would have an adverse effect on our business, results of operations, prospects and financial condition.

Furthermore, under the Mexican Airport Law, we are currently responsible for inspecting passengers and their carry-on luggage before they board any aircraft. Under Mexican law, we may be liable to third parties for personal injury or property damage resulting from the performance of such inspection. In addition, we may be required to adopt additional security measures in the future or undertake capital expenditures if security measures for carry-on luggage are required to be enhanced, which could increase our liability or adversely affect our operating results.

As a result of the COVID-19 pandemic, airlines and airports have had to implement additional security and compliance measures to comply with local health and safety regulations, which could increase costs. We have, among other things, installed disinfectant gel dispensers and air purifiers, mandated facemasks, installed preventative barriers, instituted spacing and flow of movement measures, and provided training to our employees. These enhanced measures have not resulted in a significant increase in our operating costs to date, we may be required to adopt additional safety measures in the future.

Interruptions in the proper functioning of information systems or other technologies could disrupt operations and cause unanticipated increases in costs and/or decreases in revenues.

The proper functioning of our information systems is important to the successful operation of our business. If critical information systems fail or are otherwise unavailable, our ability to provide airport services at our airports, collect accounts receivable, pay expenses and maintain our security and customer data, could be adversely affected. In addition, incidents such as cyber-attacks, viruses, other destructive or disruptive software or activities, process breakdowns, outages or accidental release of information could adversely affect our technological systems and result in a disruption to our operations, the improper disclosure of personal, privileged or confidential information, or unauthorized access to our digital content or any other type of intellectual property. Currently, our information systems are protected with backup systems, including physical and software safeguards and a cold site to recover information technology operations. These safety components reduce the risk of disruptions, failures or security breaches of our information technology infrastructure and are reviewed periodically by external advisors. Nonetheless, any such disruption, failure or security breach of our information technology infrastructure, including our back-up systems, could have a negative impact on our operations.

To date we have not experienced any major incidents related to cybersecurity or our information systems. Any such incident could cause damage to our reputation and may require us to expend substantial resources to remedy the situation, and could therefore have a material adverse effect on our business and results of operations. In addition, there can be no assurance that any efforts we make to prevent these incidents will be successful in avoiding harm to our business.

Our revenues are highly dependent upon levels of passenger and cargo traffic volumes and air traffic, which depend in part on factors beyond our control.

Our revenues are closely linked to passenger and cargo traffic volumes and the number of air traffic movements at our airports. These factors directly determine our revenues from aeronautical services and indirectly determine our revenues from non-aeronautical services. Passenger and cargo traffic volumes and air traffic movements depend in part on many factors beyond our control, including economic conditions in Mexico, Colombia and the United States, the political situation in Mexico, Colombia and elsewhere in the world, the attractiveness of our airports relative to that of other competing airports, fluctuations in petroleum prices (which can have a negative impact on traffic as a result of fuel surcharges or other measures adopted by airlines in response to increased fuel costs) and changes in regulatory policies applicable to the aviation industry. Reports suggesting an increase in the level of violent crime in Mexico may have had an adverse impact on passenger traffic to our Mexican airports, even though such airports serve areas of Mexico that have been less affected by violent crime. Similarly, reports suggesting an increase in the level of violence or political instability in Colombia may have an adverse impact on passenger traffic to our Colombian airports. Any decreases in air traffic to or from our airports as a result of factors such as these could adversely affect our business, results of operations, prospects and financial condition.

Our business is highly dependent upon the operations of certain airports, including Mexico City and Bogotá Area airports.

In 2018, 2019 and 2020, 59.9%, 59.3% and 56.8%, respectively, of our Mexican domestic passengers flew to or from our airports via Mexico City International Airport. As a result, our Mexican domestic traffic is highly dependent upon the operations of Mexico City International Airport. We cannot assure you that the operations of the Mexico City International Airport will not decrease or be adversely affected by construction of additional airports in the future. In 2020, overall Mexican domestic passenger traffic to and from Mexico City decreased 46.9%.

Additionally, Toluca International Airport, which is located 64 km from Mexico City, at some point emerged as a complementary airport to Mexico City International Airport, but has recently reduced air traffic operations due to the transfer of low-cost airline operations to the Mexico City International Airport. Toluca International Airport is largely served by low-cost airlines that cater to Mexican domestic passengers. Traffic to and from Toluca represented 0.6% of Mexican domestic passengers traveling through our airports in 2018, 0.8% in 2019 and 0.4% of Mexican domestic passengers in 2020.

In 2020, 42.5% of our Colombian domestic passengers flew to or from our airports via El Dorado International Airport in Bogotá, Colombia. As a result, our Colombian domestic traffic is highly dependent upon the operations of El Dorado International Airport. Any event or condition that adversely affects Mexico City and Bogotá area airports could adversely affect our business, results of operations, prospects and financial condition.

Competition from other tourist destinations could adversely affect our business.

One of the principal factors affecting our results of operations and business is the number of passengers using our airports. The number of passengers using our airports may vary as a result of factors beyond our control, including the level of tourism in Mexico, Colombia and Puerto Rico. In addition, the passenger traffic volume at our Mexican airports and LMM Airport may be adversely affected by the attractiveness, affordability and accessibility of competing tourist destinations in Mexico, such as Acapulco, Puerto Vallarta and Los Cabos, or elsewhere, such as Florida, Cuba, Jamaica, the Dominican Republic and other Caribbean islands and Central American destinations. The attractiveness of the destinations we serve is also likely to be affected by perceptions of travelers as to the safety and political and social stability of Mexico, Colombia and Puerto Rico. There can be no assurance that tourism levels in the future will match or exceed current levels.

Revenues from Mexican passenger charges are not secured, and we may not be able to collect amounts invoiced in the event of the insolvency of one of our principal airline customers.

In recent years, many airlines have reported substantial losses. Our revenues from passenger charges from our principal airline customers are not secured by a bond or any other collateral. Furthermore, Mexican passenger charges, which accounted for 11.3% of our revenues in 2020, are collected by airlines from passengers on our behalf and are later paid to us 30 to 115 days following the date of each flight. If any of our key customers were to become insolvent or seek bankruptcy protection, we might not be able to recover the full amount of such charges. For example, as a result of the Grupo Mexicana bankruptcy, we estimate that Ps.128.0 million in accounts receivable could be at risk of not being recovered, which represented 7.5% of our total accounts receivable as of December 31, 2020. With respect to the Avianca proceedings, Avianca has treated unpaid prepetition passenger charges as taxes and fees, which, pursuant to an order entered by the United States Bankruptcy Court for the Southern District of New York, Avianca has the authority (but not the obligation) to pay.

In terms of the Aeromexico proceedings, pursuant to an order entered by the United States Bankruptcy Court for the Southern District of New York, Aeromexico is permitted (but not directed), upon notice to the Official Committee of Unsecured Creditors (the “Creditors’ Committee”), to pay the prepetition passenger charges. In the Aeromexico proceedings, we filed an objection and reservation of rights, which asserted that passenger charges are a trust fund fee collected and held for the benefit of the airport, are not property of Aeromexico’s estate, and we reserved our right to take any action should Aeromexico attempt to cap remittance of the passenger charges to us. The Creditors’ Committee also filed a statement and reservation of rights, which reserved the committee’s right to argue that the passenger charges are property of Aeromexico’s estate. Aeromexico took no formal position on the status of the passenger charges. The bankruptcy court, in authorizing Aeromexico to pay the prepetition passenger charges, expressly declined to make any finding or conclusion of law with respect to the status of the passenger charges at that time. As a result, it is possible the Creditors’ Committee or other creditors may in the future assert that the passenger charges are property of Aeromexico’s estate, leaving the airports we operate with only a general unsecured claim that would be subject to compromise.

In addition, in the Aeromexico proceedings, the airport terminals we operate filed proofs of claims with respect to the agreements between the airlines and the airports, including agreements related to the passenger charges. Aeromexico and other creditors have the right to object to the proofs of claims, and any future recoveries arising from the proofs of claims are unknown at this time. We are an unsecured creditor with respect to these amounts, and we cannot assure you how much, if any, of these amounts we will be able to recover.

On December 11, 2020, Interjet stopped all flights and has not resumed operations. As of December 31, 2020, we are owed Ps.74.8 million from Interjet, which is included in our allowance for doubtful accounts, and we might not be able to recover the full amount owed to us.

If a change in relations with our labor force should occur, such a change could have an adverse impact on our results of operations.

Although we currently believe we maintain good relations with our labor force, if any conflicts with our employees were to arise in the future, including with our unionized employees (which accounted for 24.8% of our total employees as of December 31, 2020), resulting events such as strikes or other disruptions that could arise with respect to our workforce could have a negative impact on our business or results of operations.

The operations of our airports may be disrupted due to the actions of third parties beyond our control.

As is the case with most airports, the operation of our airports is largely dependent on the services of third parties, such as air traffic control authorities, airlines, energy suppliers and suppliers of fuel to aircraft at our airports.

On September 20, 2017, 730 of Colombian flagship airline carrier Avianca’s 1,300 pilots walked off the job, demanding higher wages and benefits. The strike lasted 51 days and caused Avianca to ground hundreds of flights and contract foreign-based crews to serve its important long-haul routes to the United States and Europe. As a result, our passenger traffic in our Colombian airports decreased 13.0% in October 2017, 13.7% in November 2017, and 12.3% in December 2017 relative to the same monthly periods in 2016.

We are also dependent upon the Mexican government or entities of the government for provision of services such as immigration services for our international passengers. We are not responsible for and cannot control the services provided by these parties. Additionally, under the Mexican Airport Law, we are required to provide complementary services at each of our airports if there is no third party providing such services. As a result, any disruption in or adverse consequence resulting from the services of third parties, including a work stoppage or other similar event, may require us to provide these services personally or find a third party to provide them, and either event may have a material adverse effect on the operation of our airports and on our results of operations.

Fernando Chico Pardo and Grupo ADO, S.A. de C.V., through their own investment vehicles and their interests in Inversiones y Técnicas Aeroportuarias, S.A.P.I. de C.V., ("ITA"), have a significant influence as stockholders and over our management, and their interests may differ from those of other stockholders.

CHPAF Holdings, S.A.P.I. de C.V. ("CHPAF"), an entity directly or indirectly owned and controlled by Fernando Chico Pardo, who is also the chairman of our Board of Directors, owns 14.5% of our total capital stock. In addition, Inversiones Productivas Kierke, S.A. de C.V. ("Inversiones Kierke"), an entity owned and controlled by Grupo ADO, S.A. de C.V. ("Grupo ADO"), owns 12.3% of our total capital stock. Further, ITA, an entity which is owned 50.0% by entities directly owned and controlled by Mr. Fernando Chico Pardo and 50.0% by Inversiones Kierke, holds Series BB shares representing 7.65% of our capital stock. These Series BB shares provide it with special management rights. For example, pursuant to our bylaws, ITA is entitled to present to the Board of Directors the name or names of the candidates for appointment as chief executive officer, to remove our chief executive officer and to appoint and remove one half of the executive officers, and to elect two members of our Board of Directors. Our bylaws also provide ITA veto rights with respect to certain corporate actions (including some requiring approval of our shareholders) so long as its Series BB shares represent at least 7.65% of our capital stock. Mr. Fernando Chico Pardo and Grupo ADO have entered into a shareholders' agreement that requires their unanimous consent to cause ITA to exercise certain of these rights. Special rights granted to ITA are more fully discussed in "Item 10. Additional Information" and "Item 7. Major Shareholders and Related Party Transactions."

Therefore, Mr. Fernando Chico Pardo and Grupo ADO are each able to exert a significant influence over our management and matters requiring the approval of our stockholders. The interests of Mr. Fernando Chico Pardo, Grupo ADO and ITA may differ from those of our other stockholders, and there can be no assurance that any of Mr. Fernando Chico Pardo, Grupo ADO or ITA will exercise its rights in ways that favor the interests of our other stockholders. In particular, Grupo ADO is a Mexican bus company that may directly or indirectly compete with our key airline customers in the Mexican transportation market. Furthermore, the concentration of ownership by Mr. Fernando Chico Pardo, Grupo ADO and the special rights granted to ITA may have the effect of impeding a merger, consolidation, takeover or other business combination involving ASUR.

Some of our board members and stockholders may have business relationships that may generate conflicts of interest.

Some of our board members or stockholders may have outside business relationships that generate conflicts of interest. For example, Fernando Chico Pardo, the chairman of our Board of Directors and one of our principal indirect stockholders, is a member of a number of other boards of directors that from time to time may have interests that diverge from our own. In addition, Grupo ADO, whose executives sit on our Board of Directors and which is one of our principal stockholders, operates a bus transportation business and has other interests that may be different than ours. Conflicts may arise between the interests of these or other individuals in their capacities as our shareholders and/or directors, on the one hand, and their outside business interests on the other. There can be no assurance that any conflicts of interest will not have an adverse effect on our shareholders.

Our operations are at greater risk of disruption due to the dependence of most of our airports on a single commercial runway.

As is the case with many other domestic and international airports around the world, all of our airports (except for our Cancún and Mérida Airports) have only one commercial aviation runway. While we seek to keep our runways in good working order and to conduct scheduled maintenance during off-peak hours, we cannot assure you that the operation of our runways will not be disrupted due to required maintenance or repairs. In addition, our runways may require unscheduled repair or maintenance due to natural disasters, aircraft accidents and other factors that are beyond our control. The closure of any runway for a significant period of time could have a material adverse effect on our business, results of operations, prospects and financial condition.

We are exposed to risks related to construction projects.

The building requirements under our master development programs in Mexico could encounter delays or cause us to exceed our budgeted costs for such projects, which could limit our ability to expand capacity at our Mexican airports, increase our operating or capital expenses and adversely affect our business, results of operations, prospects and financial condition. Such delays or budgetary overruns also could limit our ability to comply with our Mexican master development programs. If we do not comply with our Mexican master development programs, we may be subject to fines or the loss of our Mexican concessions. Our current master development programs in Mexico are in effect until December 31, 2023. Renegotiation of our Mexican master development programs could lead to uncertainty regarding construction projects at our Mexican airports.

In addition, in November 2008, as part of our purchase of 130 hectares of land in the bay of Huatulco for Ps.286.3 million from the National Tourism Fund, or FONATUR, we agreed to construct at least 450 and up to 1,300 hotel rooms. In connection with the construction of these hotel rooms, we had agreed to meet a series of construction milestones, including presentation of a master development plan, submission of architectural plans, application for environmental permits, commencement of construction and substantial completion of construction. We had completed and presented a master development plan and FONATUR had granted us an extension of time to submit architectural plans, which were due on May 15, 2013. However, on March 26, 2013, FONATUR relieved us of the obligation to submit the architectural plans and complete the construction projects within a specific timeframe. On October 28, 2020, FONATUR agreed to purchase back the land for Ps.286.3 million. On February 19, 2021, we received the initial payment of Ps.50 million from FONATUR, at which point the obligations under the purchase agreement no longer had legal effect. Going forward, FONATUR is obligated to make the remaining payment of Ps.236.3 million before July 1, 2021 and we are obligated to deliver the land once FONATUR has paid in full. In the event of FONATUR's nonpayment, we would have the right to demand FONATUR's compliance with the repurchase and withhold conveying the land until payment is made. For more information on the development in the bay of Huatulco, please see "Item 4. Information on the Company—Business Overview—Other Properties."

In 2014 and 2016, our subsidiary Airplan reached agreements with the Colombian government with respect to investment commitments for certain airports, including José María Córdova International Airport, Enrique Olaya Herrera Airport, Los Garzones Airport and El Caraño Airport. Under the 2014 and 2016 agreements, Airplan committed to completing the modules connecting the terminal building with the parking lot at José María Córdova Airport. As of March 6, 2020, all projects under the 2014 and 2016 agreements have been completed.

We are exposed to risks related to other business opportunities.

In the spring of 2017, we, through our Cancún airport subsidiary, entered into agreements to acquire a controlling interest in Airplan and Aeropuertos de Oriente S.A.S. ("Oriente"). In October 2017, we received the necessary approvals from the Colombian regulatory authorities to conclude the acquisition of a 92.42% stake in Airplan. Airplan has concessions to operate the following airports in Colombia: the Enrique Olaya Herrera Airport in Medellín, the José María Córdova International Airport in Rionegro, the Los Garzones Airport in Montería, the Antonio Roldán Betancourt Airport in Carepa, the El Caraño Airport in Quibdó and the Las Brujas Airport in Corozal. On May 25, 2018, we increased our ownership stake in Airplan to 100% by acquiring an additional 7.58% of Airplan's capital stock. We terminated our agreement to purchase Oriente in 2018.

We purchased the initial 92.42% interest in Airplan for an aggregate price of approximately U.S.$201.6 million, subject to pricing adjustments and pursuant to a series of agreements with the respective shareholders of Airplan. We paid U.S.$69.6 million of the purchase price with cash on hand, and obtained an unsecured loan of Ps.4,000.0 million from BBVA Bancomer in April 2017 to pay the balance of the purchase price. The loan had a term of one year and an interest rate calculated on the basis of the 28-day *Tasa de Interés Intercambiaria de Equilibrio*, or Interbank Equilibrium Interest Rate ("TIIE") plus 0.60% from July 31 to October 31, 2017; TIIE plus 0.85% from October 31, 2017 to January 31, 2018; TIIE plus 1.10% from January 31 to April 30, 2018 and TIIE plus 1.60% from April 30 to July 31, 2018. This loan was paid in October 2017, and we, through our Cancún airport subsidiary, concurrently incurred two loans of Ps.2,000.0 million each, one with BBVA Bancomer and the other with Banco Santander.

We may also explore other business opportunities from time to time, which may result in risks and uncertainties similar to those described above. Our inability to successfully manage the risks and uncertainties related to such business opportunities could have a material adverse effect on our revenues, expenses and net income.

In July 2012, the Puerto Rico Ports Authority ("PRPA") granted Aerostar, our Puerto Rican subsidiary, a concession to operate the Luis Muñoz Marín International Airport under the United States FAA's Airport Privatization Pilot Program. On February 27, 2013, the transaction was finalized and Aerostar began operating the LMM Airport. Our Cancún airport subsidiary pledged its membership interests in Aerostar, as collateral for debt incurred by Aerostar to fund a portion of the concession fee and contingent liabilities related to the concession. Our Cancún airport subsidiary's incurrence of debt and pledge of assets may limit our ability to obtain financing for future acquisitions or transactions. Other risks and uncertainties relate to our 2017 acquisition of a majority interest in Aerostar. We may be unable to fully implement our business plans and strategies for the integration of Aerostar's business into ours. The business growth opportunities, revenue benefits and other benefits expected to result from this acquisition may be delayed or not achieved as expected. To the extent that we incur higher integration costs or achieve lower revenue benefits or fewer cost savings than expected, our results of operations and financial condition may be adversely affected.

We may also explore other business opportunities from time to time, which may result in risks and uncertainties similar to those described above. Our inability to successfully manage the risks and uncertainties related to such business opportunities could have a material adverse effect on our revenues, expenses and net income.

Our LMM Airport business is conducted through Aerostar, which has a minority shareholder.

On May 26, 2017 we acquired an additional 10% interest in Aerostar from our former joint venture partner, Oaktree Capital Management, L.P. (“Oaktree Capital”), increasing our total interest to 60.0%. The minority shareholder in Aerostar is PSP Investments, which acquired a 40.0% ownership interest in Aerostar from Oaktree Capital. We received all regulatory approvals for this transaction and, starting June 1, 2017, began to consolidate Aerostar’s results into our financial statements. All operating and management decisions relating to Aerostar, except for major decisions, require the approval of the majority of the votes of the managers. However, major decisions, including requiring the members to make additional capital contributions, setting Aerostar’s annual budget and approving distributions to Aerostar’s members, require a supermajority vote of Aerostar’s managers (a supermajority defined as a majority consisting of at least one manager designated by each member). Due to our 60% interest in Aerostar, we are entitled to designate a majority of members to the board of managers.

Our interest and strategies in Aerostar’s operation of the LMM Airport may differ from those of PSP Investments given that our Cancún airport subsidiary made a subordinated shareholder loan to Aerostar in addition to its equity investment, because of the different nature of our respective businesses and for other reasons. These diverging interests may impair our ability to reach agreement with PSP Investments on certain major decisions. In the event that the managers appointed by each of our Cancún airport subsidiary and PSP Investments cannot reach an agreement on certain major decisions and there is a deadlock, any manager may refer the deadlock to the Chief Executive Officers of ASUR or AviAlliance Canada Inc., a wholly-owned subsidiary of PSP Investments (“AviAlliance”). If the Chief Executive Officers are unable to resolve the deadlock, then the matter will be referred to a non-binding mediation process. Finally, if the matter is not resolved through mediation, then either member can submit the dispute to final and binding arbitration. In the event that we do not reach an agreement with PSP Investments on an issue that requires the supermajority approval of the managers, the delay and cost resulting from a deadlock could adversely affect the operations of the LMM Airport and in turn could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or the market prices of our membership interests in Aerostar.

For a discussion of Aerostar’s operating agreement and how it governs our involvement in Aerostar, see “Item 4. Information on the Company—Business Overview—Aerostar’s Operating Agreement.”

We are exposed to risks inherent to the operation of airports.

We are obligated to protect the public at our airports and to reduce the risk of accidents. As with any company dealing with members of the public, we must implement certain measures for the protection of the public, such as fire safety in public spaces, design and maintenance of car parking facilities and access routes to meet road safety rules. We are also obligated to take certain measures related to aviation activities, such as maintenance, management and supervision of aviation facilities, rescue and fire-fighting services for aircraft, measurement of runway friction coefficients and measures to control the threat from birds and other wildlife on airport sites. These obligations could increase our exposure to liability to third parties for personal injury or property damage resulting from our operations.

Our insurance policies may not provide sufficient coverage against all liabilities.

While we seek to insure all reasonable risks, we can offer no assurance that our insurance policies would cover all of our liabilities in the event of an accident, terrorist attack or other incident. The markets for airport insurance and construction insurance are limited, and a change in coverage policy by the insurance companies involved could reduce our ability to obtain and maintain adequate or cost-effective coverage. A certain number of our assets cannot, by their nature, be covered by property insurance (notably aircraft movement areas, and certain civil engineering works and infrastructure). In addition, we do not currently carry business interruption insurance.

Risks Related to the Regulation of Our Business

The price regulatory system applicable to our Mexican airports imposes maximum rates for each airport.

The price regulatory system does not guarantee that our consolidated results of operations, or that the results of operations of any Mexican airport, will be profitable.

The system of price regulation applicable to our Mexican airports establishes an annual maximum rate for each airport, which is the maximum annual amount of revenues per workload unit (which is equal to one passenger or 100 kilograms (220 pounds) of cargo) that we may earn at that airport from services subject to price regulation. The maximum rates for our Mexican airports have been determined for each year through December 31, 2023. For a discussion of the framework for establishing our maximum rates and the application of these rates, see “Item 4. Information on the Company—Mexican Regulatory Framework—Price Regulation” and “Item 4. Information on the Company—Puerto Rican Regulatory Framework—Price Regulation.” Under the terms of our Mexican concessions, there is no guarantee that the results of operations of any airport will be profitable.

Our Mexican concessions provide that an airport’s maximum rates will be adjusted periodically for inflation. Although we are entitled to request additional adjustments to an airport’s maximum rates under certain circumstances, including the amendment of certain provisions of the Mexican Airport Law, our concessions provide that such a request will be approved only if the Ministry of Communications and Transportation determines that certain events specified in our Mexican concessions have occurred. The circumstances under which we are entitled to an adjustment are described under “Item 4. Information on the Company—Mexican Regulatory Framework—Price Regulation—Special Adjustments to Maximum Rates.” There can be no assurance that any such request would be made or granted. If our request is not submitted in a timely manner, or if the adjustment is not approved by the Ministry of Communications and Transportation, our business, financial condition and results of operations may be adversely affected.

Our results of operations may be adversely affected by required efficiency adjustments to our Mexican maximum rates.

In addition, our Mexican maximum rates are subject to annual efficiency adjustments, which have the effect of reducing the maximum rates for each year to reflect projected efficiency improvements. For the five-year term ending December 31, 2023, an annual efficiency adjustment factor of 0.70% was established by the Ministry of Communications and Transportation. Future annual efficiency adjustments will be determined by the Ministry of Communications and Transportation in connection with the setting of each airport's maximum rates every five years. For a description of these efficiency adjustments, see "Item 4. Information on the Company—Mexican Regulatory Framework—Price Regulation—Methodology for Determining Future Maximum Rates." We cannot assure you that we will achieve efficiency improvements sufficient to allow us to maintain or increase our operating income as a result of the progressive decrease in each airport's maximum rate. Additionally, on October 29, 2020, we filed a request with the Ministry of Communications and Transportation for an extraordinary review of the Mexican maximum rates, which was approved on April 7, 2021, and resulted in a reduction in committed investments and an increase in the Mexican maximum rates in the master development plans for the years 2021 to 2023.

Changes to Mexican laws, regulations and decrees applicable to us could have a material adverse impact on our results of operations.

The Mexican government has in the past implemented changes, and may in the future implement additional reforms, to the tax laws applicable to Mexican companies including ASUR. In addition, changes to the Mexican constitution or to any other Mexican laws could also have a material adverse impact on our results of operations and cash flows. For example, on May 23, 2014, Mexico's Federal Economic Competition Law (*Ley Federal de Competencia Económica*) ("LFCE") was enacted. The LFCE grants broad powers to the Mexican Federal Economic Competition Commission (*Comisión Federal de Competencia Económica*) ("COFECE"), including the abilities to investigate and regulate essential facilities, investigate companies, eliminate barriers to competition in order to promote access to the market and order the divestment of assets. The LFCE also sets forth important changes in connection with mergers and anti-competitive behavior, increases liabilities that may be incurred for violations of the law, increases the amount of fines that may be imposed for violations of the law and limits the availability of legal defenses against the application of the law.

If the COFECE determines that a specific service or product is an essential facility, it has the ability to regulate access conditions, prices, tariffs or technical conditions for or in connection with the specific service or product. The COFECE has previously determined that certain elements of the infrastructure at Mexico City International Airport may be considered essential facilities. Should the COFECE determine that all or part of the services we render in our Mexican airports are considered an essential facility, we may be required to implement significant changes to the way we currently do our business, which could have a material adverse impact on our results of operations.

In connection with tax matters, the terms of our concessions do not exempt us from any changes to the Mexican tax laws. Should the Mexican government implement changes to the tax laws that result in our having significantly higher income tax liability, we will be required to pay the higher amounts due pursuant to any such changes, which could have a material adverse impact on our results of operations.

In December 2019, the Mexican government published several amendments to the Income Tax Law, Value Added Tax Law, Excise Tax Law and the Federal Tax Code, most of which became effective on January 1, 2020. This set of tax reforms is one of the most important in the past few years and its main purpose is to tackle tax evasion by strengthening tax authorities' control mechanisms. These amendments imposed stringent restrictions on the deductibility of certain expenses, such as a new earnings-stripping rule applicable to net interest, and the non-deductibility of payments to related parties that are deemed subject to preferential tax regimes or by means of structured arrangements, introduced regulations regarding hybrid mismatches and added amendments to the tax treatment applicable to tax transparent foreign entities or arrangements, all of which could affect our operating results. None of these amendments significantly impacted our operating results in 2020.

The 2020 tax reform also introduced a new mandatory disclosure regime aimed at tax advisors, for purposes of reporting and monitoring specific tax schemes listed under article 199 of the Federal Tax Code.

On November 12, 2020, the Mexican President submitted to the Mexican Congress an initiative on outsourcing schemes. The Mexican Congress's approval of the outsourcing initiative could enable certain tax and labor provisions that could materially affect our results of operations, including the characterization of certain subcontracting arrangements as aggressive tax schemes, the creation of the need to obtain an authorization from the Mexican Ministry of Labor and Social Security (*Secretaría del Trabajo y Previsión Social*) for the provision of specialized subcontracting services, the non-deductibility of considerations paid for the subcontracting of personnel and a substantial increase in the Statutory Employee Profit Sharing (*Participación de los Trabajadores en las Utilidades de la Empresa*), commonly known as the "PTU".

For more information on this and other changes to Mexican tax law, see "Item 5. Operating and Financial Review and Prospects—Taxation."

Our Mexican concessions may be terminated under various circumstances, some of which are beyond our control.

We operate each of our Mexican airports under 50-year concessions granted as of 1998 by the Mexican government. Any of the Mexican concessions may be terminated for a variety of reasons. For example, a concession may be terminated if we fail to make the committed investments required by the terms of that concession. In addition, in the event that we exceed the applicable maximum rate at an airport in any year, the Ministry of Communications and Transportation is entitled to reduce the applicable maximum rate at that airport for the subsequent year and assess a penalty. Violations of certain terms of a concession (including violations for exceeding the applicable maximum rate) can result in termination only if sanctions have been imposed for violation of the relevant term at least three times. Violations of other terms of a concession can result in the immediate termination of the concession. We would face similar sanctions for violations of the Mexican Airport Law or its regulations. Although we believe we are currently complying with the principal requirements of the Mexican Airport Law and its regulations, we may not be in compliance with certain requirements under the regulations. These violations could result in fines or other sanctions being assessed by the Ministry of Communications and Transportation, and are among the violations that could result in termination of a concession if they occur three or more times. For a description of the consequences that may result from the violation of various terms of our Mexican concessions, the Mexican Airport Law or its regulations, see "Item 4. Information on the Company—Mexican Regulatory Framework—Penalties and Termination and Revocation of Concessions and Concession Assets." Under applicable Mexican law and the terms of our concessions, our concessions may also be subject to additional conditions, which we may be unable to meet. Failure to meet these conditions may also result in fines, other sanctions and the termination of the Mexican concessions.

In addition, the Mexican government may terminate one or more of our concessions at any time through reversion (*rescate*), if, in accordance with applicable Mexican law, it determines that it is required by national security or in the public interest to do so. In the event of a reversion (*rescate*) of the public domain assets that are the subject of our concessions, such assets would revert to the Mexican government and the Mexican government under Mexican law would be required to compensate us, taking into consideration investments made and depreciation of the relevant assets, but not the value of the assets subject to the concessions, based on the methodology set forth in a reversion (*rescate*) resolution issued by the Mexican Ministry of Communications and Transportation. There can be no assurance that we will receive compensation equivalent to the value of our investment in our concessions and related assets in the event of such a reversion (*rescate*).

In the event of war, natural disaster, grave disruption of the public order or an imminent threat to national security, internal peace or the economy, the Mexican government may carry out a requisition (*requisa* — step-in rights) with respect to our airports. The step-in rights may be exercised by the Mexican government as long as the circumstances warrant. In all cases, except international war, the Mexican government is required to indemnify us for damages and lost profits (*daños y perjuicios*) caused by such requisition, calculated at their real value (*valor real*); provided that if we were to contest the amount of such indemnification, the amount of the indemnity with respect to damages (*daños*) shall be fixed by expert appraisers appointed by us and the Mexican government, and the amount of the indemnity with respect to lost profits (*perjuicios*) shall be calculated taking into consideration the average net income during the year immediately prior to the requisition. In the event of requisition due to international war, the Mexican government would not be obligated to indemnify us.

In the event that any one of our Mexican concessions is terminated, whether through reversion (*rescate*), requisition (*requisa*) or otherwise, our other Mexican concessions may also be terminated. Thus, the loss of any of our concessions would have a material adverse effect on our business and results of operations. For a discussion of events which may lead to a termination of a Mexican concession, see “Item 4. Information on the Company—Mexican Regulatory Framework—Penalties and Termination and Revocation of Concessions and Concession Assets.” Moreover, we are required to continue operating each of our nine Mexican airports for the duration of our concessions, even if one or more of them are unprofitable.

The Mexican government could grant new concessions that compete with our airports, including the Cancún International Airport.

The Mexican government could grant additional concessions to operate existing government managed airports, or authorize the construction of new airports, that could compete directly with our airports. We may be denied the right to participate in the bidding processes to win these concessions.

Currently, the Mayan Riviera is served primarily by Cancún International Airport. We are unable to predict the effect that a new Mayan Riviera airport would have on our passenger traffic or operating results if the Mexican government decides to move forward with the project.

In October 2020, the Mexican President announced that as part of an effort to develop the southeast of Mexico, the Mexican Army will build and operate a new airport in the City of Tulum, State of Quintana Roo, with plans to commence operations in 2023. The Mexican government had previously secured a piece of land measuring approximately 1,500 acres where it will build the new airport, and has announced that the airport’s inauguration will coincide with the inauguration of the Mayan Train. The Mayan Train is a proposed intercity railway project that is set to connect airports and historic Mayan tourist sites in Mexico, with rail coverage in the States of Chiapas, Yucatán and Quintana Roo. Construction of the new airport in Tulum is set to start in 2021. We cannot assure you that the construction of the airport in Tulum will not impact the passenger traffic at Cancún airport.

In addition, in certain circumstances, the Mexican government can grant concessions without conducting the public bidding process. Furthermore, the COFECE has the power, under certain circumstances, to reject awards of concessions granted by the government. Please see “Item 4. Information on the Company—Mexican Regulatory Framework—Grants of New Concessions” below. Grants of new concessions could adversely affect our business, results of operations, prospects and financial condition.

We provide a public service regulated by the Mexican government and our flexibility in managing our aeronautical activities is limited by the regulatory environment in which we operate.

Our aeronautical fees charged to airlines and passengers are, like most airports in other countries, regulated. In 2018, 2019 and 2020, 57.4%, 55.4% and 34.9%, respectively, of our total revenues were earned from aeronautical services at our Mexican airports, which were subject to price regulation under our maximum rates in Mexico. In 2020, 42.9% of our total revenues were earned from aeronautical services at all of our airports. These Mexican maximum rate regulations may limit our flexibility in operating our aeronautical activities, which could have a material adverse effect on our business, results of operations, prospects and financial condition. In addition, several of the regulations applicable to our operations that affect our profitability are authorized (as in the case of our master development programs in Mexico) or established (as in the case of our maximum rates in Mexico) by the Ministry of Communications and Transportation for five-year terms. Except under limited circumstances, we generally do not have the ability unilaterally to change our obligations (such as the investment obligations under our Mexican master development programs or the obligation under Mexican concessions to provide a public service) or increase our maximum rates applicable under those regulations should our passenger traffic or other assumptions on which the regulations were based change during the applicable term. In addition, there can be no assurance that this price regulation system will not be amended in a manner that would cause additional sources of our revenues to be regulated. On October 29, 2020, we filed a request with the Ministry of Communications and Transportation for an extraordinary review of the Mexican maximum rates, which was approved on April 7, 2021 and resulted in an increase in the Mexican maximum rates.

We cannot predict how the Mexican regulations governing our business will be applied.

Although Mexican law establishes ranges of sanctions that might be imposed should we fail to comply with the terms of one of our Mexican concessions, the Mexican Airport Law and its regulations or other applicable law, we cannot predict the sanctions that are likely to be assessed for a given violation within these ranges. We cannot assure you that we will not encounter difficulties in complying with these laws, regulations and instruments. Moreover, there can be no assurance that the laws and regulations governing our business will not change.

If we exceed the maximum rate at any Mexican airport at the end of any year, we could be subject to sanctions.

Historically, we have set the prices we charge for regulated services at each Mexican airport as close as possible to the prices we are allowed to charge under the maximum rate for that airport. We expect to continue to pursue this pricing strategy in the future. For example, in 2020, our revenues subject to maximum rate regulation represented 99.7% of the amount we were entitled to earn under the maximum rates for all of our Mexican airports. There can be no assurance that we will be able to establish prices in the future that allow us to collect virtually all of the revenue we are entitled to earn from services subject to price regulation.

The specific prices we charge for regulated services are determined based on various factors, including projections of passenger traffic volumes, the Mexican producer price index (excluding petroleum) and the value of the peso relative to the U.S. dollar. These variables are outside of our control. Our projections could differ from the applicable actual data, and, if these differences occur at the end of any year, they could cause us to exceed the maximum rate at any one or more of our Mexican airports during that year.

If we exceed the maximum rate at any airport at the end of any year, the Ministry of Communications and Transportation may assess a fine and may reduce the maximum rate at that airport in the subsequent year. The imposition of sanctions for violations of certain terms of a concession, including for exceeding the airport's maximum rates, can result in termination of the concession if the relevant term has been violated and sanctions have been imposed at least three times. In the event that any one of our Mexican concessions is terminated, our other concessions may also be terminated.

Depreciation of the Mexican peso may cause us to exceed our maximum rates.

We aim to charge prices that are as close as possible to our maximum chargeable rates, and we are entitled to adjust our specific prices only once every six months (or earlier upon a cumulative increase of 5.0% in the Mexican producer price index (excluding petroleum)). However, we generally collect passenger charges from airlines 30 to 115 days following the date of each flight. Such tariffs for the services that we provide to international flights or international passengers in our Mexican airports are generally denominated in U.S. dollars but are paid in Mexican pesos based on the average exchange rate for the month prior to each flight. Accordingly, depreciation of the peso, particularly late in the year, could cause us to exceed the maximum rates at one or more of our airports, which could lead to the imposition of fines and the termination of one or more of our concessions. From December 31, 2019 to December 31, 2020, the peso depreciated by 5.5%, from Ps.18.86 per U.S.$1.00 on December 31, 2019 to Ps.19.89 per U.S.$1.00 on December 31, 2020, and experienced intra-year volatility. In the event that any one of our Mexican concessions is terminated, our other concessions may also be terminated.

The price regulatory system applicable to our Colombian airports does not guarantee that our consolidated results of operations, or that the results of operations of any Colombian airport, will be profitable.

Our Colombian airports receive two kinds of remuneration for their operations, depending on the types of activities carried out in each airport. First, as a result of aeronautical operations at each airport (excluding fuel supply), Airplan charges airlines regulated tariffs for activities such as aircraft parking rights, subject to annual caps set by Aerocivil. These regulated tariffs are adjusted on an annual basis based on the Colombian consumer price index (*Índice de Precios al Consumidor*), or the IPC. Airplan also charges non-regulated tariffs for commercial activities, including leases and vehicle parking services, that may be set by the concession holder based upon supply and demand.

Although we are entitled to request additional adjustments to the regulated tariffs, any modification or amendment is subject to the approval of Aerocivil. If our request is not submitted in a timely manner, or if the adjustment is not approved by Aerocivil, our business, financial condition and results of operation may be adversely affected. For additional information, see “Item 4—Business Overview—Our Colombian Airports—Aeronautical Revenues.”

Our Colombian concessions may be terminated under various circumstances, some of which are beyond our control, and such termination could have a material adverse effect on our business and results of operations.

In the event of noncompliance with the terms of the Colombian concession agreement, the National Infrastructure Agency (*Agencia Nacional de Infraestructura*), or ANI may rescind the agreement and assess a penalty, the amount of which varies depending on the stage of the concession. Airplan was subject to a maximum penalty of U.S.$20 million during the adaptation and modernization stage of the Colombian concession. Airplan completed the adaptation and modernization stage on March 6, 2020 and is currently in the maintenance stage which it expects to end in April 2032. During the maintenance stage of the concession, this maximum penalty may be reduced by 30.0%, 50.0% or 70.0%, depending on when the breach occurs.

Under applicable Colombian laws and the terms of the concession, a concession may be terminated upon certain events, including but not limited to: reaching the expected revenues set forth in the concession agreement; dissolution or bankruptcy of our subsidiary Airplan; and a failure to pay fines imposed due to noncompliance with the concession agreement. In addition, the Colombian government may terminate one or more of our concessions if it determines that it is required by national security or in the public interest to do so. The loss of our Colombian concessions could have a material adverse effect on our business and results of operations. For additional information, see “Item 4—Colombian Regulatory Framework—Penalties and Termination of Colombian Concession.”

Changes in existing or new laws and regulations in Mexico, Colombia, the United States and Puerto Rico, including tax laws, or regulatory enforcement priorities could adversely affect our businesses or investments.

Laws and regulations at the local, regional and national levels, in Mexico, Colombia, the United States and Puerto Rico, change frequently, and the changes can impose significant costs and other burdens of compliance on our businesses or investments. Any changes in regulations, the interpretation of existing regulations, the internal criteria of the governmental institutions executing such regulations, the imposition of additional regulations or the enactment of any new legislations that affect the airport sector in matters of employment/labor, transportation/logistics, energy costs, tax or environmental issues, could have an adverse impact, directly or indirectly, on our financial condition and results of operations.

The technical and specialization level of the environmental regulations in Mexico has significantly deepened and increased in recent years, and the enforcement of environmental laws is becoming substantially more stringent. Considering the global context, we would expect this trend to continue and to be stimulated by international agreements between Mexico and the United States, and other countries or international organizations. In any case, there can be no assurances that environmental regulations or their enforcement will not change in a manner that could have a material adverse effect on our business, results of operations, prospects or financial conditions.

In addition, our subsidiary Aerostar as operator of the LMM Airport is subject to the United States' federal aviation laws and regulations issued by the FAA and by the Transportation Security Administration, or TSA. However, because the LMM Airport is the first airport to be privatized under the Airport Privatization Pilot Program, it is unclear how the FAA will apply to Aerostar and the LMM Airport existing and future laws and regulations applicable to airport operators in the United States. If Aerostar fails to comply with existing or future laws and regulations, it could be subject to fines or be required to incur expenses in order to bring the LMM Airport into compliance. This and any other future changes in existing laws and changes in enforcement priorities by the governmental agencies charged with enforcing existing laws and regulations, as well as changes in the interpretation of these laws and regulations, can increase our businesses and investments' compliance costs.

Risks Related to Mexico

Appreciation, depreciation or fluctuation of the peso relative to the U.S. dollar could adversely affect our results of operations and financial condition.

In 2020, the peso depreciated by 5.5% against the U.S. dollar. From 2015 to 2018, the peso decreased substantially in value against the U.S. dollar, and if this depreciation were to resume, it could (notwithstanding other factors) lead to a decrease in Mexican domestic passenger traffic that may not be offset by any increase in international passenger traffic. Any future significant appreciation of the peso could impact our aggregate passenger volume by increasing the cost of travel for international passengers. Depreciation of the peso could impact our aggregate passenger traffic volume by increasing the cost of travel for Mexican domestic passengers, which may adversely affect our results of operations. In addition, there can be no assurance that any depreciation of the peso in the future will result in an increase to international passenger traffic.

In addition, depreciation of the peso against the U.S. dollar may adversely affect the dollar value of an investment in the ADSs and the Series B shares, as well as the dollar value of any dividend or other distributions that we may make.

Although we currently intend to fund the investments required by our business strategy through cash flow from operations and from peso-denominated borrowings and as of December 31, 2020, our Mexican airports did not have dollar-denominated liabilities, we may incur dollar-denominated debt to finance all or a portion of these investments. A devaluation of the peso would increase the debt service cost of any dollar-denominated indebtedness that we may incur and result in foreign exchange losses.

Severe devaluation or depreciation of the peso, or government imposition of exchange controls, may also result in the disruption of the international foreign exchange markets and may limit our ability to transfer or to convert pesos into U.S. dollars and other currencies.

Economic developments in Mexico may adversely affect our business and results of operations.

Although a substantial portion of our revenues is derived from foreign tourism, Mexican domestic passengers in recent years have represented approximately half of the passenger traffic volume in our Mexican airports. In addition, a significant amount of our assets are located, and a significant segment of our operations are conducted, in Mexico. As a result, our business, financial condition and results of operation could be adversely affected by the general condition of the Mexican economy, by a devaluation of the peso, by inflation and high interest rates in Mexico, or by political developments in Mexico.

Mexico has experienced, and may in the future experience, adverse economic conditions.

In the past, Mexico has experienced economic crises, caused by internal and external factors, characterized by exchange rate instability (including large devaluations), high inflation, high domestic interest rates, economic contraction, a reduction of international capital flows, a reduction of liquidity in the banking sector and high unemployment rates. We cannot assume that such conditions will not return or that such conditions will not have a material adverse effect on our business, financial condition or results of operations.

In 2015, Mexican GDP increased 2.5% and inflation decreased to 2.1%. In 2016, Mexican GDP increased 2.8% and inflation increased to 3.4%. In 2017, Mexican GDP increased 2.3% and inflation increased to 6.8%, its highest level in 16 years. In 2018, Mexican GDP increased 2.0% and inflation decreased to 4.8%. In 2019, Mexican GDP decreased 0.1% and inflation decreased to 2.8%. In 2020, Mexican GDP decreased 8.5% and inflation increased to 3.2%. In 2020, the outbreak of COVID-19 adversely affected the economy and financial markets of Mexico and its trading partners. While Mexican GDP did increase quarter-over-quarter in both the third and fourth quarters of 2020, the extent to which the COVID-19 outbreak will continue to impact the Mexican economy is uncertain, as is the extent of further Mexican economic recovery, if any.

If the Mexican economy does not continue to recover, if inflation or interest rates increase significantly or if the Mexican economy is otherwise adversely impacted, our business, financial condition or results of operations could be materially and adversely affected.

Political developments in Mexico could adversely affect our operations.

Our financial condition and results of operation may be adversely affected by changes in Mexico’s political climate to the extent that such changes affect the nation’s economic policies, growth, stability, outlook or regulatory environment.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Mexican governmental actions concerning the economy and state-owned enterprises could have a significant effect on Mexican private-sector entities in general, and us in particular, as well as on market conditions, prices and returns on securities, including our ADSs.

The most recent presidential and congressional elections took place in July 2018. Andrés Manuel López Obrador, presidential candidate for the National Regeneration Movement Party (*Movimiento de Regeneración Nacional*) (“Morena”), was elected President and took office on December 1, 2018, ending the Institutional Revolutionary Party’s (Partido Revolucionario Institucional) (“PRI”) hold on the presidency. During the presidential campaign, Andrés Manuel López Obrador expressed, among other things, his intentions to modify and/or terminate certain structural reforms.

Indeed, before taking office, López Obrador submitted to a national referendum the question of whether to continue construction of a new international airport in Mexico City, one of Mexico’s most important infrastructure projects. Construction of the new international airport to replace Mexico City International Airport began in 2015 and was projected to be completed in 2020. The referendum was carried out by a private company contracted by Morena and through mechanisms not necessarily envisioned in the Constitution. The result of the referendum, announced on October 28, 2018, was to discontinue construction on the new international airport and, in its stead, build a new airport network consisting of three airports near the Mexico City metropolitan area. On December 27, 2018, the López Obrador administration formally terminated work at the new international airport in Mexico City. The López Obrador administration instead plans to continue to use Mexico City International Airport, to add additional runways to the military air base at Santa Lucia and to upgrade Toluca International Airport to handle Mexico City air traffic. Our Mexican domestic passenger traffic is highly dependent upon the operations of the Mexico City International Airport. We cannot assure you that any future uncertainty surrounding construction of a new Mexico City airport will not adversely affect the operations of the Mexico City International Airport.

Then on November 24 and 25, 2018, López Obrador and Morena held another such referendum. During this second referendum, voters approved the construction of a railway, labeled the Mayan Train, that would link Mayan archaeological and tourist sites in five southeastern states—Campeche, Chiapas, Quintana Roo, Tabasco and Yucatan. The Mayan Train was envisaged to be a four-year project costing U.S.$7.4 billion which will connect Palenque with Cancún. A series of protests and legal challenges have slowed the completion of the Mayan train, which the Mexican government now expects to complete in 2023. We cannot assure you that the construction of the Mayan Train or any uncertainty around its construction will not impact the passenger traffic at our Mexican airports.

In his statements after the announcement of the referendum results, López Obrador expressed his intention to, during his term as president, to carry out more such referendums on matters, that in his judgment and that of his administration, are of national interest, and that the results of such referendums will be adopted without taking into account the economic impact they could have on financial markets. We cannot predict if and to what degree such a policy could generate economic instability in Mexico, nor if our operations or the legal framework under which we operate could be affected.

The Mexican government could implement significant changes in laws, policies and regulations, which could affect the economic and political situation in Mexico. We cannot predict how the new government will be managed, and the current or new administration could implement substantial changes in law, policy and regulations in Mexico, which could negatively affect our business, financial condition, results of operations, cash flows, prospects and/or the market price of our ADSs. There is no guarantee that the relatively stable political environment in Mexico will continue in the future.

Mexican congressional elections also took place in July 2018, and Morena obtained an absolute majority as a result of its strategic coalition with the Labor Party (*Partido del Trabajo*) and the Social Encounter Party (*Partido Encuentro Social*). The coalition was known as “Together we will make history” (*Juntos Haremos Historia*). Mexico’s next federal legislative election will be in June 2021. Morena may gain an absolute majority of the legislature, which could result in further reforms and secondary legislation of key sectors of the Mexican economy, such as the energy sector.

On March 9, 2021, certain amendments to the Mexican Power Industry Law (*Ley de la Industria Eléctrica*) (“LIE”) were enacted into law (the “LIE Decree”), pursuant to an initiative submitted by the Mexican President on January 29, 2021 (the “LIE Initiative”). The LIE Decree was approved by the Mexican Congress in almost the exact same terms as submitted by the LIE Initiative. The LIE Initiative sought to reverse the “Energy Reform” implemented since December 2013, which the LIE Initiative argued left the Mexican Federal Electricity Commission (*Comisión Federal de Electricidad*) (“CFE”) “fractured” and “almost in ruins,” and therefore in need of strengthening by Mexico’s Federal Executive Branch.

On this basis, the LIE Decree established, among others, the following amendments to the LIE: (i) the elimination of the obligation of the CFE Basic Services Supplier (*CFE Suministrador de Servicios Básicos*) to enter into power hedging agreements exclusively through public bids (*subastas*); (ii) an order directing the Energy Regulatory Commission (*Comisión Reguladora de Energía*) ("CRE") to revoke self-supply permits, in cases in which they were obtained through acts constituting fraud, which, in the opinion of the Federal Executive Branch of Mexico, include permits granted not for the production of power for self-consumption, but for satisfying the energy needs of third parties and creating a parallel electricity market; and (iii) a review of the legality and profitability for the Mexican federal government of the Power Generation Capacity Commitments and Power Purchase Agreements entered into by the CFE with independent power producers under the Public Power Service Law (*Ley del Servicio Público de Energía Eléctrica*) ("LSPEE").

On March 11, 2021, the Second District Court for Administrative Matters Specialized in Economic Competition, Broadcasting and Telecommunications, with residence in Mexico City and jurisdiction throughout Mexico, reviewed a legal challenge against acts of authority called an "*amparo* proceeding" and granted to a plaintiff the provisional suspension, with general effects, of the LIE Decree. Over 80 similar legal challenges have also resulted in suspensions of the LIE Decree with general effects. Accordingly, the effects and consequences of the LIE Decree will not be produced and it cannot be temporarily implemented by the authorities of the sector.

As a result, for purposes of legal certainty in Mexico, per the request of such Second District Court for Administrative Matters Specialized in Economic Competition, Broadcasting and Telecommunications, on March 24, 2021, the Mexican Ministry of Energy (*Secretaría de Energía*) published in the Federal Official Gazette (DOF) an official resolution to (i) suspend all effects and consequences derived from the LIE Decree, and (ii) provisionally reestablished the validity of certain provisions and articles, as well as the transitory regime, of the LIE prior to the entry into force of the amendments contained in the LIE Decree.

As with other measures aimed at reversing the Energy Reform, the Mexican government continues to issue new rules that may be challenged as unconstitutional and could disproportionately benefit the CFE to the detriment of its competitors.

Developments in other countries may affect the prices of securities issued by Mexican companies.

The Mexican economy may be, to varying degrees, affected by economic and market conditions in other countries. Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to adverse developments in other countries may have an adverse effect on the market value of securities of Mexican issuers. In October 1997, prices of both Mexican debt and equity securities decreased substantially as a result of the sharp drop in Asian securities markets. Similarly, in the second half of 1998 and in early 1999, prices of Mexican securities were adversely affected by the economic crises in Russia and Brazil. The Mexican debt and equities markets also have been adversely affected by ongoing developments in the global credit markets.

In addition, in recent years, economic conditions in Mexico have become increasingly correlated with economic conditions in the United States as a result of the North American Free Trade Agreement, or NAFTA, and revised NAFTA (also called the United States - Mexico - Canada Agreement, or USMCA), and increased economic activity between the two countries. Therefore, adverse economic conditions in the United States, the termination of USMCA or other related events could have a material adverse effect on the Mexican economy. We cannot assure you that events in other emerging market countries, in the United States or elsewhere will not materially and adversely affect our business, financial condition or results of operations.

The election of President of the United States may create uncertainty for relations between Mexico and the United States, and could have a material adverse effect on our business, financial condition and results of operations.

On January 20, 2021, Joseph R. Biden was sworn into office as the President of the United States. President Biden's predecessor expressed an intention to make changes related to immigration and trade, including the renegotiation of NAFTA. While President Biden has expressed different intentions than his predecessor and has reversed certain of the enforcement efforts implemented by his predecessor in connection with immigration policy, the effect of the change in President of the United States on relations between Mexico and the United States is not clear. The United States is Mexico's primary trading partner, and receives over 80 percent of Mexico's total exports. Weakened trading ties between Mexico and the United States could hurt industrial growth in the Mexican economy.

Negotiators for Mexico, the United States and Canada announced an agreement in September 2018, whereby certain aspects of NAFTA would be modified. The modifications include, among others, minimum wages rules for the automotive sector, greater access to Canadian dairy markets, and extension of copyright protections to 70 years beyond the life of the author. In addition, the revised NAFTA updates (for US and Mexico only) NAFTA's Chapter 11 investor-state dispute settlement procedures. The revised NAFTA was ratified by the United States, Mexico and Canada, and came into effect on July 1, 2020. The revised NAFTA includes a 16-year "sunset" clause, meaning the terms of the agreement expire after a set period of time, as well as being subject to a review every six years, at which point the United States, Mexico, and Canada can decide to extend the revised NAFTA or not. If the revised NAFTA or USMCA is terminated or otherwise modified, such termination or modification could materially impact Mexico's aviation sector. While it is difficult to predict their scope and effect, such changes could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or the market price of our ADSs.

The election of President Biden in 2020 and any attempt by him to implement changes to United States-Mexico policy, including actions to withdraw from or materially modify NAFTA or USMCA, and to implement immigration reform, could have a material adverse effect on our business, financial condition or results of operations.

Differences between the corporate disclosure requirements of Mexico and the United States may not adequately reflect our business and results of operations.

A principal objective of the securities laws of the United States, Mexico, and other countries is to promote full and fair disclosure of all material corporate information, including accounting information. However, there may be different or less publicly available information about issuers of securities in Mexico than is regularly made available by public companies in countries with highly developed capital markets, including the United States.

In addition, accounting standards and disclosure requirements in Mexico differ from those of the United States. In particular, our financial statements are prepared in accordance with IFRS which differs from United States GAAP in a number of respects. Items on the financial statements of a company prepared in accordance with IFRS may not reflect its financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with United States GAAP.

Mexican law and our bylaws restrict the ability of non-Mexican shareholders to invoke the protection of their governments with respect to their rights as shareholders.

As required by Mexican law, our bylaws provide that non-Mexican shareholders shall be considered as Mexicans in respect of their ownership interests in ASUR and shall be deemed to have agreed not to invoke the protection of their governments in certain circumstances. Under this provision, a non-Mexican shareholder is deemed to have agreed not to invoke the protection of his own government by asking such government to interpose a diplomatic claim against the Mexican government with respect to the shareholder’s rights as a shareholder, but is not deemed to have waived any other rights it may have, including any rights under the United States securities laws, with respect to its investment in ASUR. If you invoke such governmental protection in violation of this agreement, your shares could be forfeited to the Mexican government.

It may be difficult to enforce civil liabilities against us or our directors, officers and controlling persons.

ASUR is organized under the laws of Mexico, with its principal place of business *(domicilio social)* in Mexico City, and most of our directors, officers and controlling persons reside outside the United States. In addition, all or a substantial portion of our assets and their assets are located outside of the United States. As a result, it may be difficult for investors to effect service of process within the United States on such persons or to enforce judgments against them, including in any action based on civil liabilities under the United States federal securities laws. There is doubt as to the enforceability against such persons in Mexico, whether in original actions or in actions to enforce judgments of United States courts, of liabilities based solely on the United States federal securities laws.

The protections afforded to minority shareholders in Mexico are different from those in the United States.

Under Mexican law, the protections afforded to minority shareholders are different from those in the United States. In particular, the law concerning fiduciary duties of directors is not as fully developed as in other jurisdictions and there are different procedural requirements for bringing shareholder lawsuits. As a result, in practice it may be more difficult for minority shareholders of ASUR to enforce their rights against us or our directors or controlling shareholders than it would be for shareholders of a company incorporated in another jurisdiction, such as the United States.

Security risks in Mexico could increase, which could adversely affect our operations.

In recent years, Mexico has experienced a period of increased criminal activity and violence, primarily due to organized crime. Increasing violence among criminal organizations, particularly drug traffickers, and clashes between these and Mexican civilian and military personnel, or increases in other types of crime, are a risk to our business and could negatively impact our performance. In addition, perceptions about crime in Mexico and violence related to drug trafficking may also have an adverse effect on our business as they may decrease the international passenger traffic directed to Mexico or the domestic passenger travel using our airports in affected states.

On September 8, 2020, the U.S. State Department issued a Level 3 travel advisory to reconsider travel to Mexico due to COVID-19, and recommended exercising increased caution in Mexico due to crime and kidnapping, as some areas have increased risk. Historicallly, the regions in which we operate have not experienced the violence experienced in other parts of Mexico and none of the Mexican states in which we operate were cited as “do not travel to” or “reconsider travel to” zones in the September 8, 2020 travel advisory. However, we cannot guarantee that violence will not increase in, or that the U.S. State Department will not issue travel advisories for, the Mexican states in which we operate.

Risks Related to Colombia

Colombian government policies may significantly affect the economy, and, as a result, our business and operations in Colombia.

Our business and results of operations at our Colombian airports are dependent on the economic conditions prevailing in Colombia. The Colombian government has historically exercised substantial influence on its economy, and is likely to continue to implement policies that will have an impact on the business and results of operations of entities in the country. Potential changes in laws, public policies and regulations may cause instability and volatility in Colombia, which could have a material adverse impact on our business and results of operations.

Although Colombia has maintained stable economic growth since 2003 and an inflation rate below 8.0% during the decade, in the past, economic growth has been negatively affected by lower foreign direct investment and high inflation rates and the perception of political instability. We cannot assure you that growth achieved in recent years by the Colombian economy will continue in future periods. If the perception of improved overall stability in Colombia deteriorates or if foreign direct investment declines, the Colombian economy may face a downturn, which could impact international and domestic traffic at our Colombian airports, and negatively affect our results of operations.

Colombia has experienced several periods of violence and political instability, which could affect the economy and our operations.

Colombia has experienced several periods of criminal violence over the past four decades, primarily due to the activities of guerilla, paramilitary groups and drug cartels. In remote regions of the country, where governmental presence is minimal, these groups have exerted influence over the local population and funded their activities by protecting and rendering services to drug traffickers. In response, the Colombian government has implemented security measures and has strengthened its military and police forces, including the creation of specialized units. Despite these efforts, drug-related crime and guerrilla and paramilitary activity continue to exist in Colombia. Any possible escalation in the violence associated with these activities may have a negative impact on the Colombian economy in the future.

In the context of any political instability, allegations have been made against members of the Colombian government concerning possible ties with paramilitary groups. These allegations may undermine the Colombian government's credibility, which could in turn negatively impact the Colombian economy and tourism and our operations there in the future. In November 2016, the Colombian government signed a revised peace agreement with the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia* or "FARC") guerillas that sought their demobilization and the end of the decades-long armed conflict. That same month, the revised peace agreement was ratified by both houses of Congress and the Colombian government formally entered into the peace agreement with FARC without submitting the agreement to the voters for their approval. On January 18, 2019, President Ivan Duque announced the end of negotiations for a peace agreement with the National Liberation Army (*Éjercito de Liberación Nacional* or "ELN"), the second-largest guerilla group in the country. This decision was the result of a terrorist attack on a police station based in Bogotá, perpetrated by the ELN. The Colombian government has had military confrontations with the ELN and with dissident groups that a peace agreement had been signed with. Conflicts between guerrilla and paramilitary fighters for control of the territory vacated by former groups who reintegrated into civil society has caused outbreaks of violence in the country, which have also been met with responses by the Colombian government. In addition, some ex-guerrilla members continue to carry out illegal activities, including micro-drug trafficking and robbery, leading to the establishment of criminal bands in the Antioquia, Cauca and Valle del Cauca regions. As a result, local and national authorities have increased the presence of military and police forces, particularly in border zones and major cities such as Medellín.

In addition, Colombia has recently experienced substantial migration from Venezuela, leading to strained relations between the nations, including with respect to commercial relations. Air transport between Colombia and Venezuela has slowed in part due to political and economic instability in Venezuela.

In June 2018, Ivan Duque, a center-right politician, was elected president of Colombia, and took office in August 2018. It is uncertain how the Duque government will impact certain policies, particularly with respect to guerrilla and paramilitary groups. In addition, beginning in November 2019, Colombia has experienced civic unrest in the form of a national strike and anti-government protests. Demonstrators have protested for a variety of reasons, including opposition to certain economic and political reforms proposed by the Duque administration, corruption, the implementation of the peace agreement and the lack of safety and security provided to human rights defenders, and have demanded reforms related to pensions, access to education, environmental protection and inequality, among others. While protests were dampened during 2020, it is not clear if the protests will resume if COVID-19 restrictions or concerns are weakened. As such, our Colombian operations could be adversely impacted by rapidly changing economic, political and social conditions in Colombia and by the Colombian government's response to such conditions. Additionally, any changes in the ruling government, regulations or policies relating to aeronautical services or investment, or shifts in political attitudes in Colombia are beyond our control.

Risks Related to Our ADSs

You may not be entitled to participate in future preemptive rights offerings.

Under Mexican law, if we issue new shares for cash as part of a capital increase, we generally must grant our shareholders the right to purchase a sufficient number of shares to maintain their existing ownership percentage in ASUR. Rights to purchase shares in these circumstances are known as preemptive rights. We may not legally be permitted to allow holders of ADSs in the United States to exercise any preemptive rights in any future capital increase unless we file a registration statement with the U.S. Securities and Exchange Commission, or SEC, with respect to that future issuance of shares, or the offering qualifies for an exemption from the registration requirements of the Securities Act of 1933, as amended.

At the time of any future capital increase, we will evaluate the costs and potential liabilities associated with filing a registration statement with the SEC and any other factors that we consider important to determine whether we will file such a registration statement.

We cannot assure you that we will file a registration statement with the SEC to allow holders of ADSs or shares in the United States to participate in a preemptive rights offering. In addition, under current Mexican law, sales by the depository of preemptive rights and distribution of the proceeds from such sales to you, the ADS holders, is not possible. As a result, your equity interest in ASUR may be diluted proportionately.

Holders of ADSs are not entitled to attend shareholders' meetings, and they may only vote through the depositary.

Under Mexican law, a shareholder is required to deposit its shares with the Secretary of the Company, the S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V. ("Indeval"), a Mexican or foreign credit institution or a brokerage house in order to attend a shareholders' meeting. A holder of ADSs will not be able to meet this requirement, and accordingly is not entitled to attend shareholders' meetings. A holder of ADSs is entitled to instruct the depositary as to how to vote the shares represented by ADSs, in accordance with the procedures provided for in the deposit agreement and in accordance with Mexican law, but a holder of ADSs will not be able to vote its shares directly at a shareholders' meeting or to appoint a proxy to do so.

Future sales of shares by us and our stockholders may depress the price of our Series B shares and ADSs.

On August 17, 2010, JMEX B.V., which held 16.1% of our capital stock, disposed of 100.0% of its holdings or 47,974,228 Series B shares, in an underwritten public offering at a price of U.S.$4.48 per Series B share. On January 4, 2012, Fernando Chico Pardo consummated the sale of 49.0% of ITA and 37,746,290 of his Series B shares to Grupo ADO for an aggregate purchase price of U.S.$196.6 million.

Future sales of substantial amounts of our common stock or the perception that such future sales may occur, may depress the price of our ADSs and Series B shares. Although we and JMEX B.V. were subject to a lock-up in connection with the August 2010 sale, our other stockholders, directors and officers were not subject to any lock-up agreements, and as a result, they were able to freely transfer their Series B shares immediately following the offering. We, our stockholders, directors and officers may not be subject to lock-up agreements in future offerings of our common stock. Any such sale may lead to a decline in the price of our ADSs and Series B shares. We cannot assure you that the price of our ADSs and Series B shares would recover from any such decline in value.

We may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could subject U.S. investors in shares of our common stock or ADSs to adverse tax consequences, which may be significant.

We will be classified as a passive foreign investment company (a “PFIC”) in any taxable year in which, after taking into account our income and gross assets (and the income and assets of our subsidiaries pursuant to applicable “look-through rules”) either (i) 75% or more of our gross income for the taxable year consists of certain types of “passive income” or (ii) 50% or more of the average quarterly value of our assets is attributable to “passive assets” (assets that produce or are held for the production of passive income). We believe that we were not a PFIC for U.S. federal income tax purposes in 2020 and do not expect to be a PFIC in the current year or the reasonably foreseeable future. PFIC status is a factual determination made annually after the close of each taxable year on the basis of the composition of our income and the value of our active versus passive assets. Because our belief is based in part on the expected market value of our equity, a decrease in the trading price of our common stock and ADSs may result in our becoming a PFIC.

If we were to be or become classified as a PFIC, a U.S. Holder, as defined in “Item 10.E. Taxation — United States Federal Income Tax Considerations,” that does not make a “mark-to-market” election may incur significantly increased U.S. income tax on gain at ordinary income tax rates recognized on the sale or other disposition of shares of our common stock or ADSs and on the receipt of distributions on the shares of our common stock or ADSs to the extent such distribution is treated as an “excess distribution” under the U.S. federal income tax rules. We do not intend to provide holders with the information necessary to make a “QEF election” (as described in “Item 10.E. Taxation — United States Federal Income Taxation — Passive Foreign Investment Company”). Thus, a U.S. Holder seeking to mitigate the potential adverse effects of the PFIC rules should consider making a mark-to-market election. Additionally, if we were to be or become classified as a PFIC, a U.S. Holder of shares of our common stock or ADSs will be subject to additional U.S. tax form filing requirements, and the statute of limitations for collections may be suspended if the U.S. Holder does not file the appropriate form. See “Item 10.E. Taxation — United States Federal Income Taxation — Passive Foreign Investment Company.”

FORWARD LOOKING STATEMENTS

This Form 20-F contains forward-looking statements. We may from time to time make forward-looking statements in our periodic reports to the SEC on Forms 20-F and 6-K, in our annual report to shareholders, in offering circulars and prospectuses, in press releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Examples of such forward-looking statements include:

- projections of operating revenues, operating income, net income (loss), net income (loss) per share, capital expenditures, dividends, capital structure or other financial items or ratios,

- statements of our plans, objectives or goals,

- statements about our future economic performance or that of Mexico or other countries in which we operate, and

- statements of assumptions underlying such statements.

Words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “should” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed above under “Risk Factors,” include material changes in the performance or terms of our Mexican, Colombian and Puerto Rican concessions, developments in legal proceedings, economic and political conditions and government policies in Mexico, Colombia, Puerto Rico or elsewhere, inflation rates, exchange rates, regulatory developments, customer demand and competition. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements.

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments.