

2022 Investor Conference



Nonstop PHL

City of Philadelphia
Department of Commerce – Division of Aviation

November 3, 2022

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Key Team Members

City of Philadelphia - Division of Aviation

Keith Brune

Interim Chief Executive Officer & Chief Operating Officer

- ✓ 31 Years at PHL
- ✓ 10 Years in U.S. Air Force

Tracy Borda

Chief Financial Officer

- ✓ 27 Years at PHL

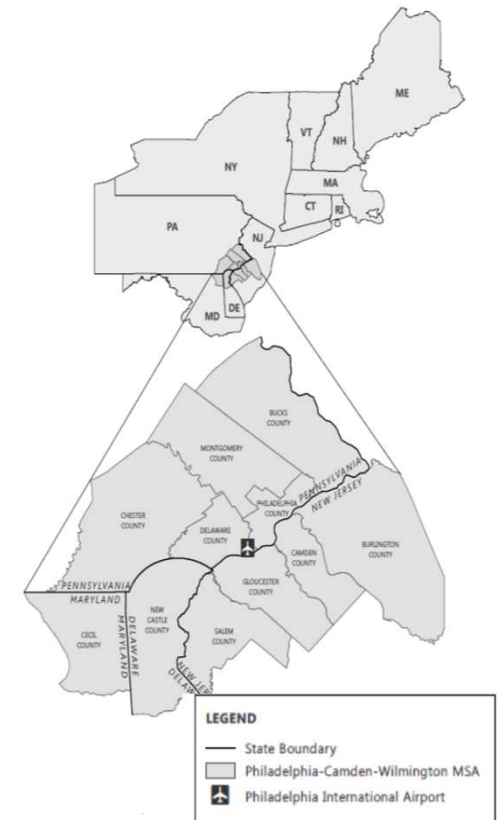
Api Appulingam

Deputy Director of Aviation, Capital Development

- ✓ 3 Years at PHL

PHL Overview

- The Airport System, which is owned by the City and operated by the Division of Aviation of the City's Department of Commerce, consists of the Philadelphia International Airport ("PHL") and the Northeast Philadelphia Airport ("PNE")
- PHL has benefitted from growing origin and destination ("O&D") traffic – 76.6% of PHL's traffic is O&D, with 23.4% connecting traffic
- PHL serves as the primary transatlantic gateway for American Airlines
- Low-cost airlines account for 17.1% of the PHL market
- PHL is a robust cargo hub for UPS with additional capacity for cargo in the future



PHL By the Numbers

2.6K

2,598
Acres

7

Terminals

21st



21st Busiest Passenger
Airport in US
(ACI-NA, 2021)

13K



13,673 Public
Parking Spaces

3.2M

Terminal:
3,254,354
Square Feet

4



Runways

126

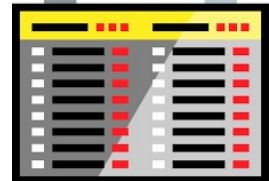


Gates



17,101 Onsite Badged
Employees

349



349 Daily Departures

23.2M



23.2 Million Passengers
FY 2022

293K



292,871 Operations
(Takeoffs & Landings)
FY 2022

63.5K

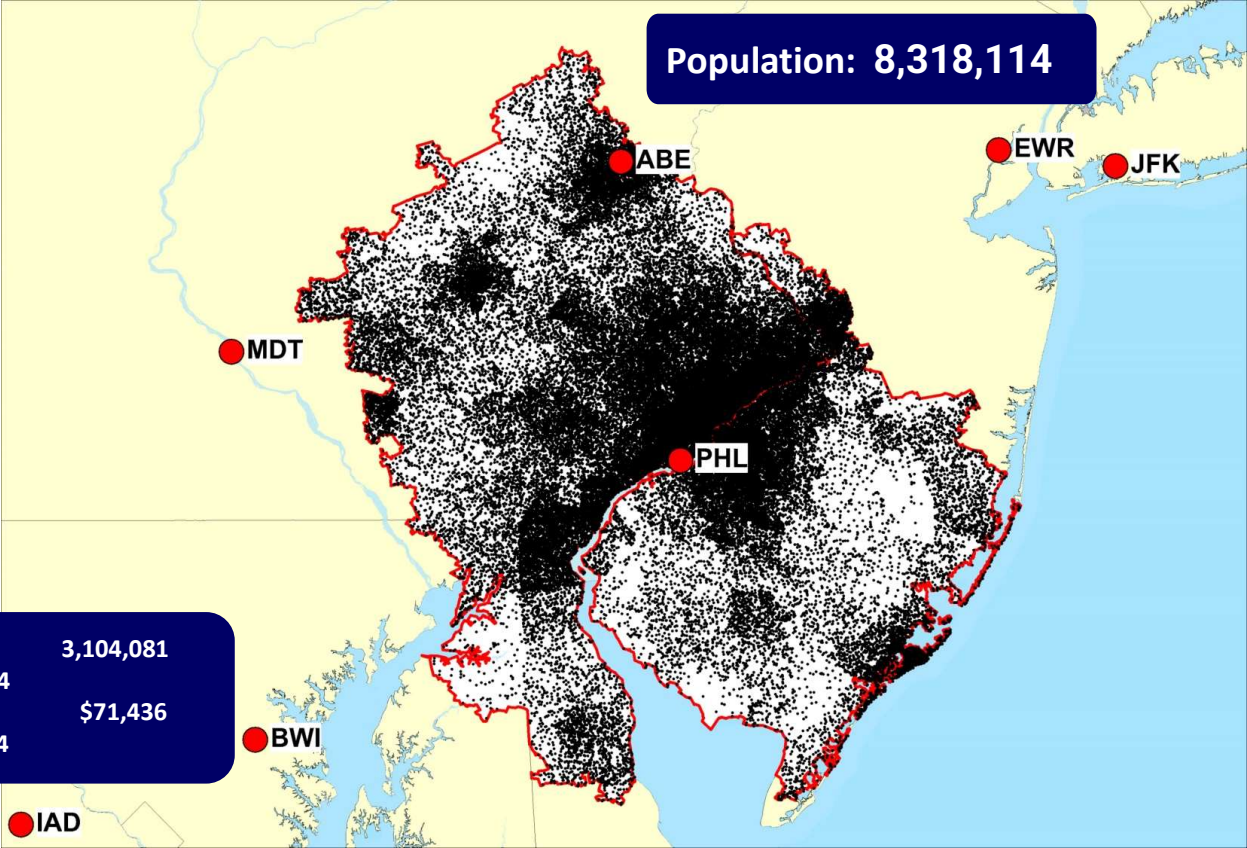


63,500 Average Daily
Passengers

Nonstop PHL

Unless noted otherwise, all figures as of October 19, 2022

Passenger Catchment Area



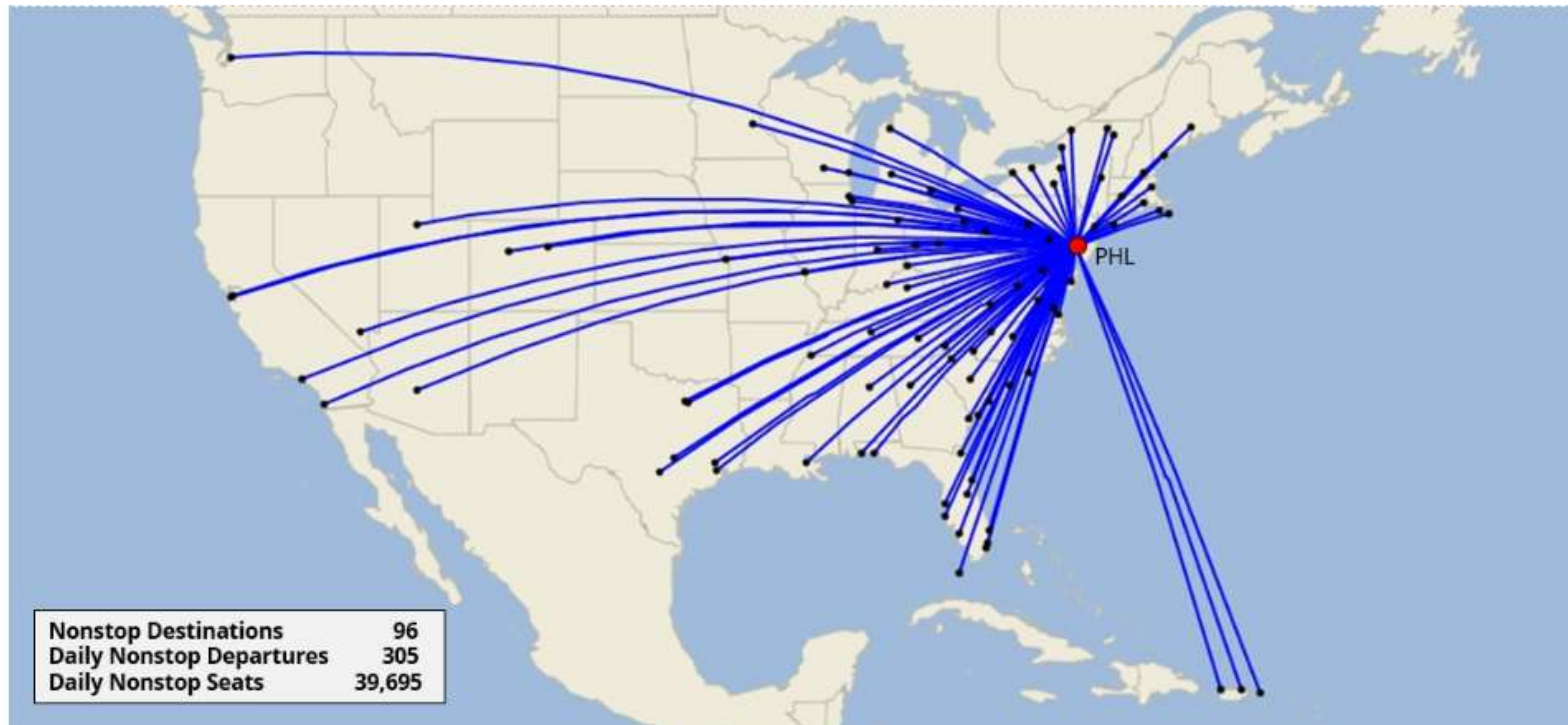
Note: PHL's Primary Catchment Area includes all locations where PHL is the closest major airport based on driving time.
Source: U.S. Bureau of the Census, 2018 American Community Survey (5-Year).



PHL Air Service

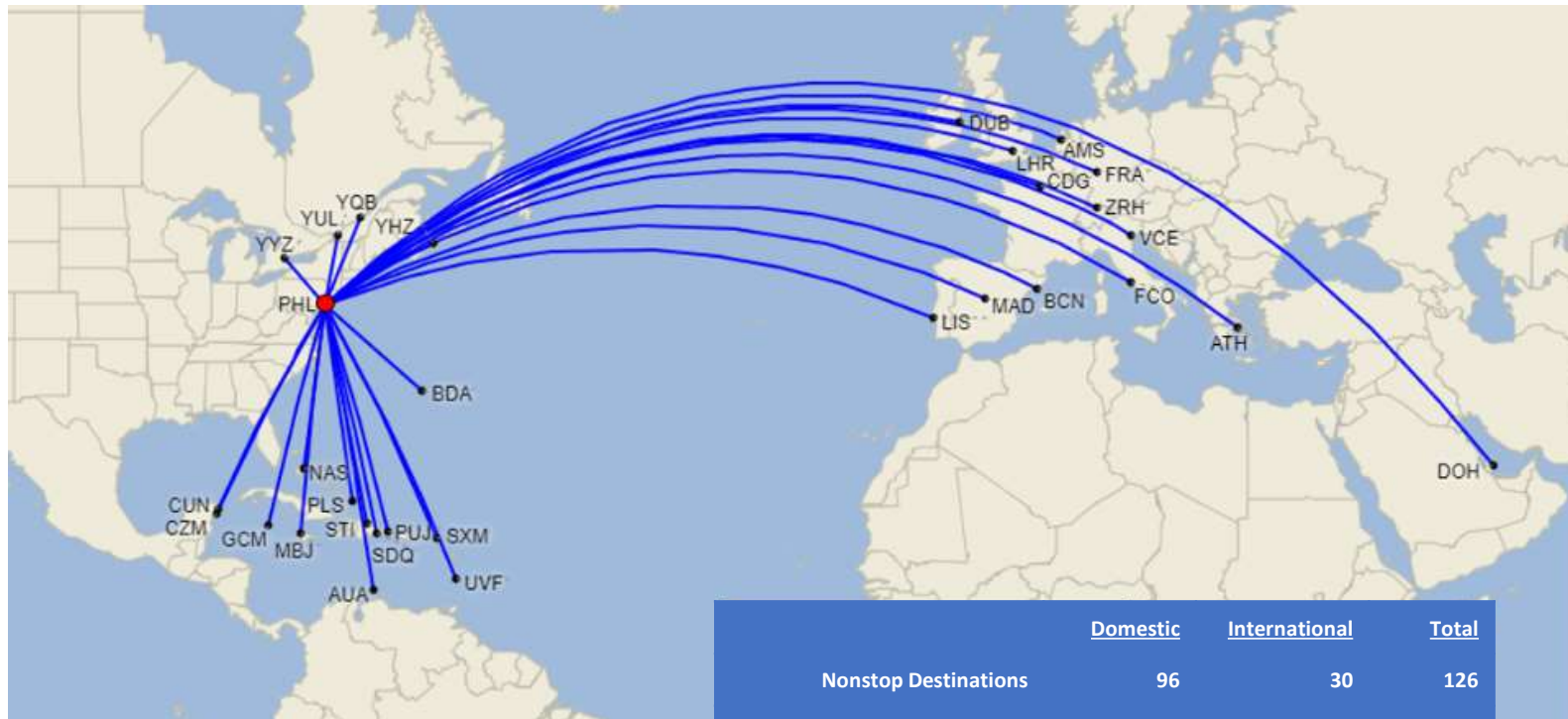
Nonstop PHL

Nonstop Service to 96 Domestic Destinations



Source: Cirium schedule data for Year Ending October 2022. Departures and seats reflect daily average for July 2022.

Extensive International Service Supported by Strong Domestic Network



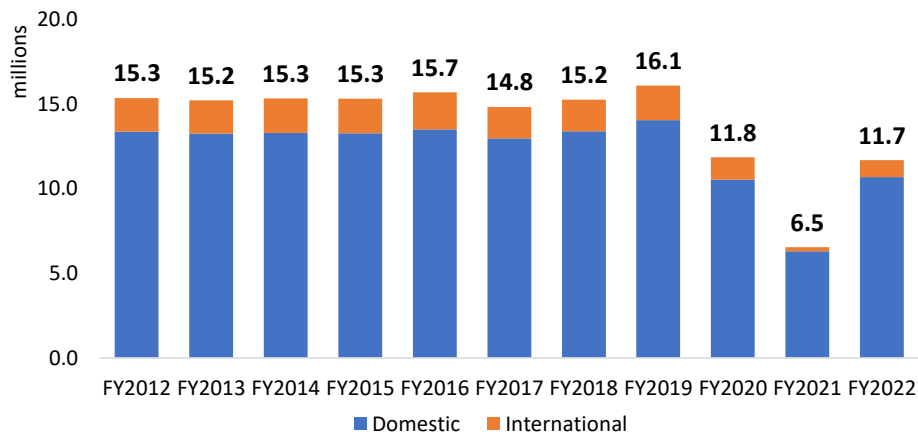
	<u>Domestic</u>	<u>International</u>	<u>Total</u>
Nonstop Destinations	96	30	126
Daily Nonstop Departures	305	44	349
Daily Nonstop Seats	39,695	7,128	46,823



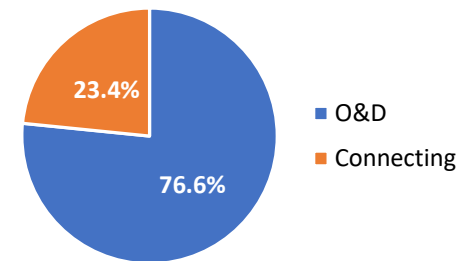
Source: Cirium schedule data for Year Ending October 2022. Departures and seats reflect daily average for July 2022.

PHL's Air Service

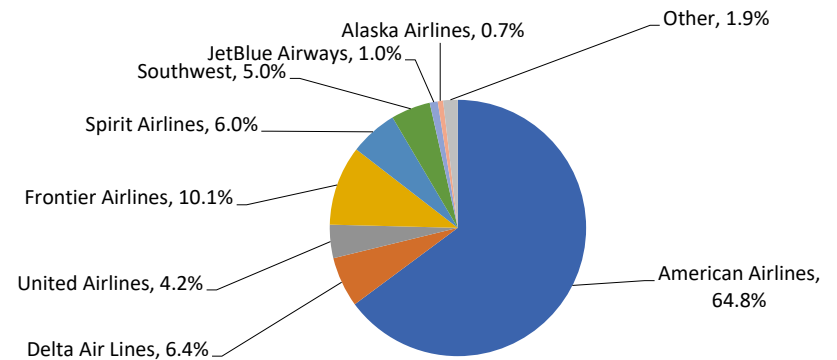
Historical Enplanements (FY 2012 – FY 2022)*



Origin & Destination vs. Connecting Traffic (FY 2021)*



Air Carrier Market Shares (FY 2022)*



- Enplanements have rebounded with FY 2022 levels at 72.6% of FY 2019 numbers
- O&D continues to be significant with 77% of traffic in FY 2021 vs. 66% in FY 2019
- PHL is continuing its dialogue with the airlines as it moves toward its recovery from the effects of Covid-19 on air traffic

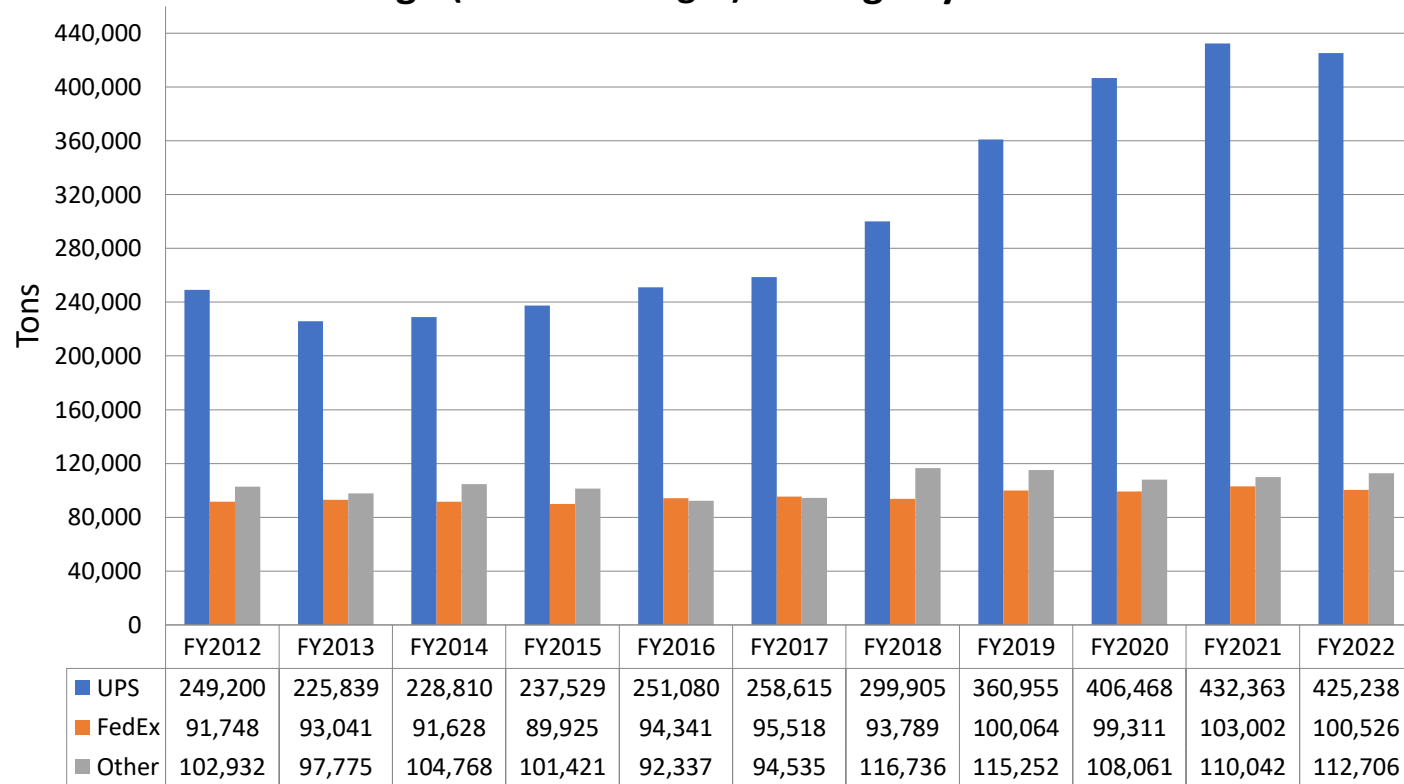


* Fiscal Year End is June 30th

Source: PHL Internal Data as of June 30, 2022.

Growth in Cargo

PHL Cargo (Mail and Freight) Tonnage by Carrier



Source: PHL Internal Data as of June 30, 2022.



PHL Financial Highlights

Nonstop PHL

FY 2023 Budget Maintains Strong Coverage and Competitive Cost Per Enplanement

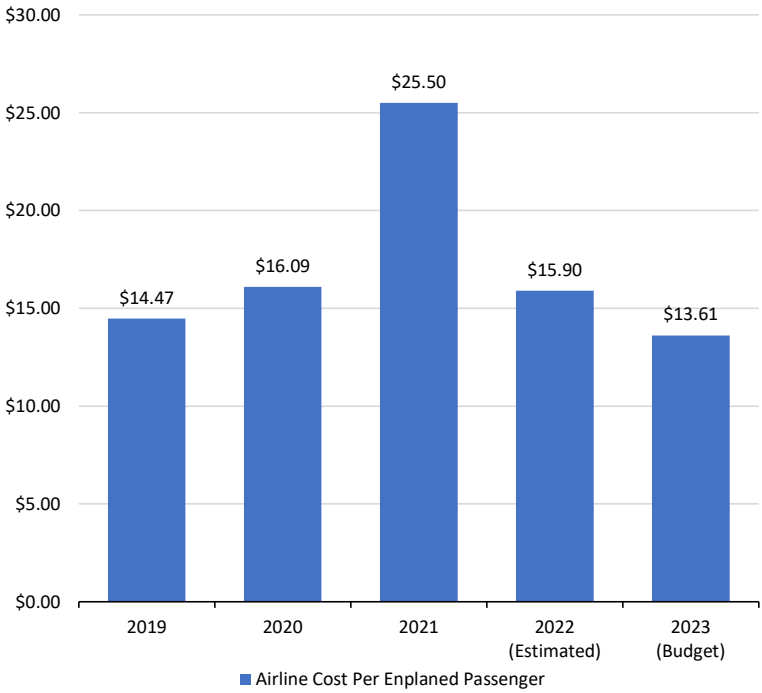
	FY 2021 (Actual)	FY 2022 (Estimated)	FY2023 (Budget)
Project Revenues (excluding Federal COVID-19 Grants)	\$294.2	\$317.6	\$394.0
Federal COVID-19 Grants	37.6	28.9	37.0
PFCs Available for Debt Service	49.6	32.0	25.6
Other Amounts Available for Debt Service	<u>160.8</u>	<u>173.7</u>	<u>187.3</u>
Total Revenues	\$542.3	\$552.2	\$644.0
Operating Expenses	\$239.9	\$245.3	\$274.7
Debt Service	<u>124.3</u>	<u>116.8</u>	<u>118.4</u>
Total Expenditures	364.3	\$362.1	\$393.2
Enplaned Passengers	6.5	11.7	14.4
Cost per Enplanement	\$25.50	\$15.90	\$13.61
Test 1 (1.50x Coverage Calculation)	3.32x	3.54x	4.08x
Test 2 (1.00x Coverage Calculation)	2.43x	2.63x	3.12x



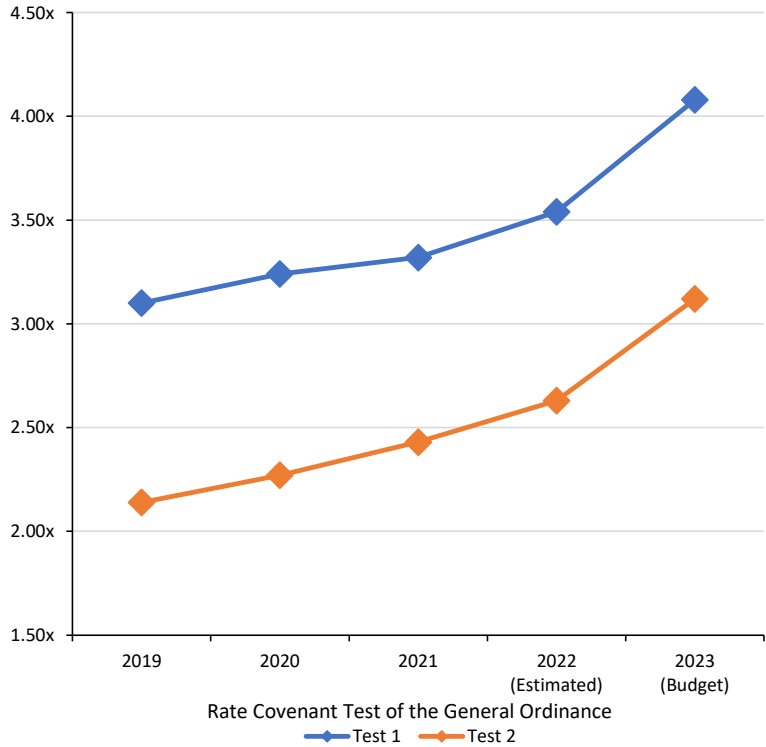
Amounts, other than CPE and Coverage, in millions.

Summary of PHL's Financial Position

Airline Cost Per Enplaned Passenger (Fiscal Year)



Debt Service Coverage Ratio¹ (Fiscal Year)



1. Test 1: (Total Amount Available for Debt Service – Net Operating expenses – Required Renewal Fund Deposit) / Revenue Bond Debt Service
 Test 2: (Total Amount Available for Debt Service – Total Expenses) / Revenue Bond Debt Service

Strong Liquidity Position

Aviation Operating Fund

Unrestricted*	\$357.5 million
Restricted**	<u>25.9 million</u>
Total Aviation Operating Fund	\$383.5 million

Other Available Funds

PFC Fund Balance	\$113.9 million
Available Commercial Paper	224.7 million
Undrawn ARPA Grant Funds***	<u>17.1 million</u>
Total Other Available Funds	\$354.9 million

As of June 30, 2022



* Includes O&M Account and discretionary account balances and prior year surpluses available for airline rates and charges.

** Includes the Bond Redemption & Improvement Account.

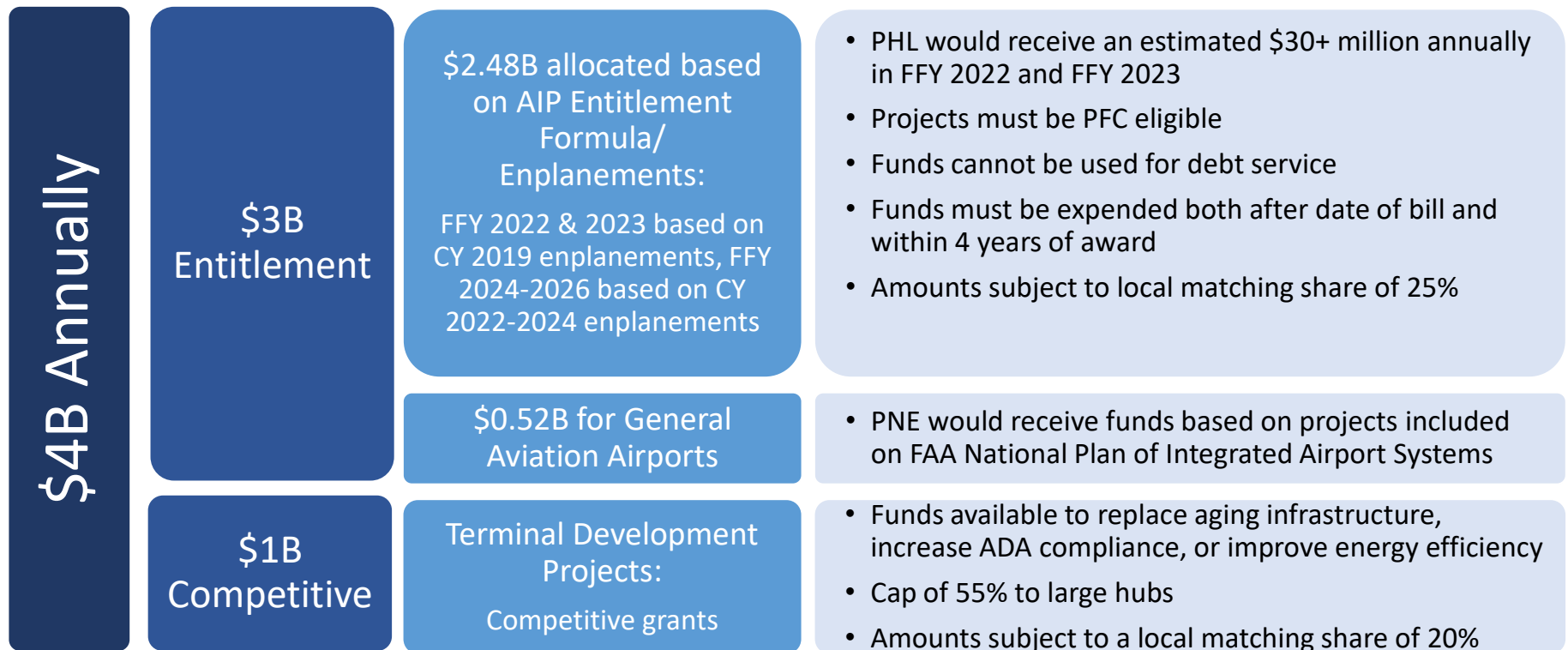
*** As of October 6, 2022, all of the \$116.4 million of Federal COVID-19 Grants received under the CARES Act were drawn along with \$25.5 million of \$28.9 million of 15 Federal COVID-19 Grants under CRRSAA and \$101.6 million under ARPA.

CARES, CRRSAA and ARPA Grant Funding

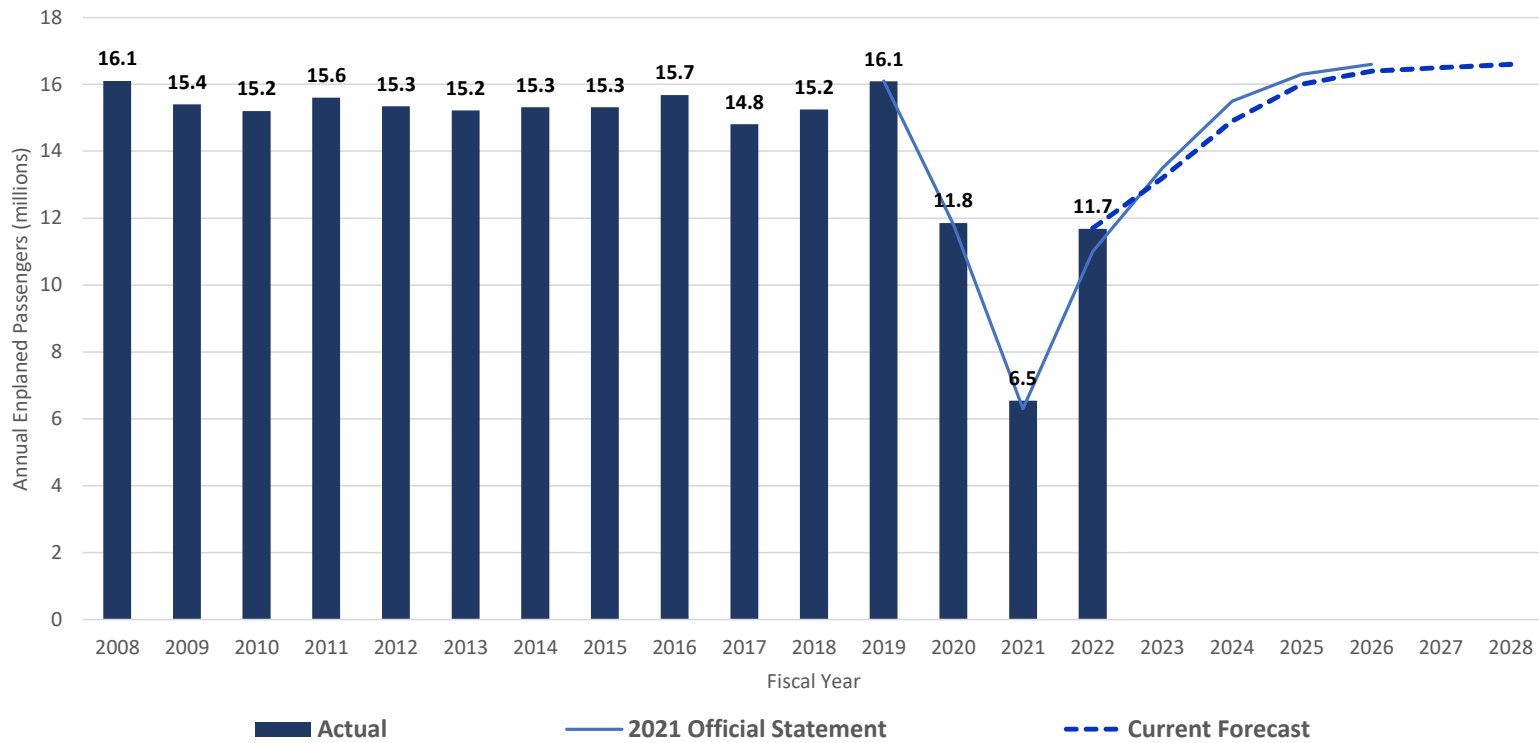
	Grant Funding	Uses
CARES	\$116.4 million	\$78.9 million for debt service in FY 2020 and the balance in FY 2021 for debt service and operating expenses
CRRSAA	\$28.9 million	\$25.5 million in FY 2022 for debt service and operating expenses, \$3.4 million to be used in FY2023
ARPA	\$115.3 million	\$101.6 million in FY 2022 and FY 2023 for debt service and operating expenses, balance to be used in FY2023

PHL has \$17 million of available grant funding remaining

Bipartisan Infrastructure Law Funding



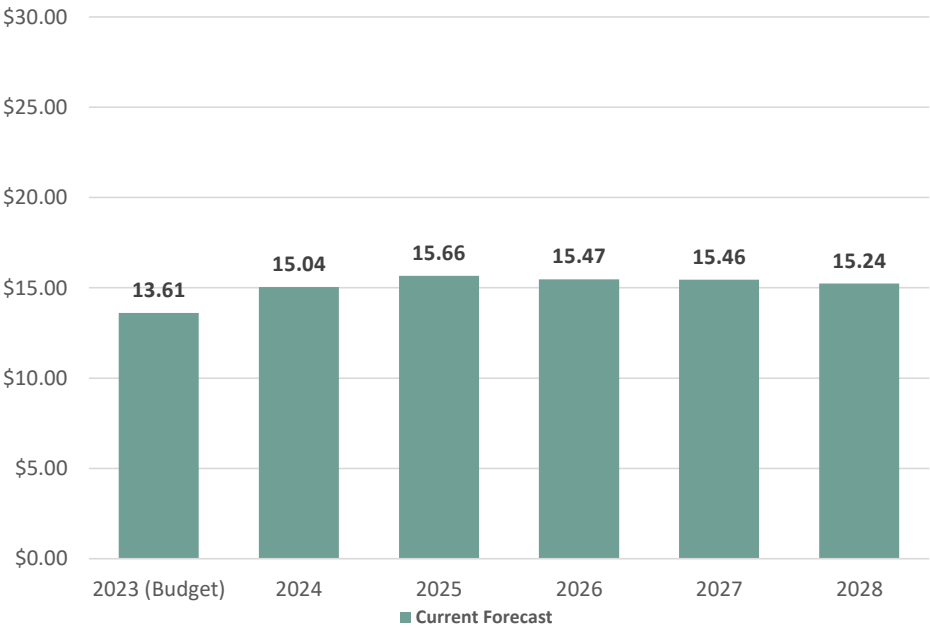
Enplaned Passenger Forecast



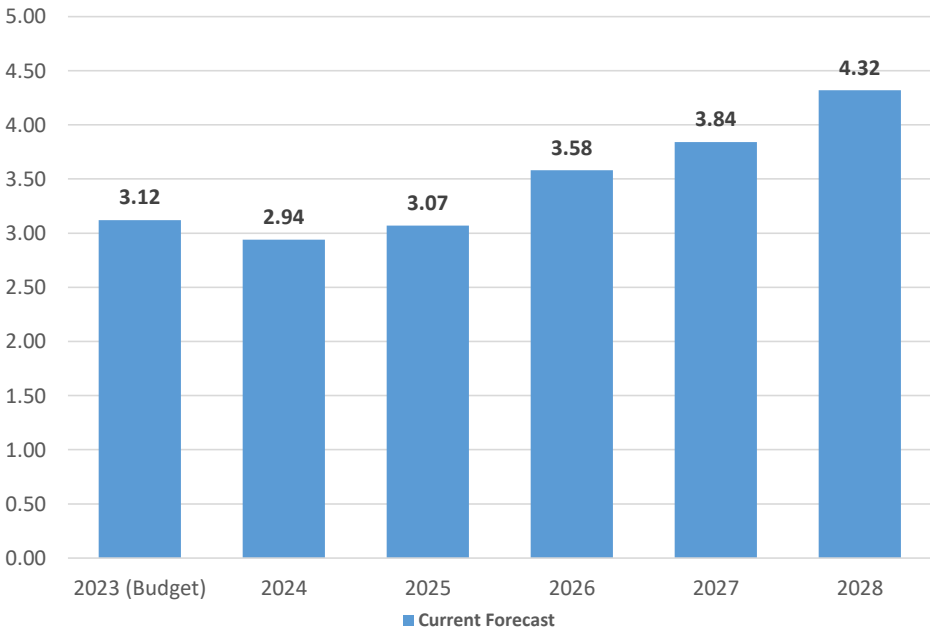
- The **2021 Official Statement** projects enplaned passenger recovery to FY 2019 traffic levels in FY 2025
- The **Current Forecast** projected enplaned passengers would recover to FY 2019 levels in FY 2026

Projected CPE & Debt Service Coverage

Current Forecast Projected Cost Per Enplanement

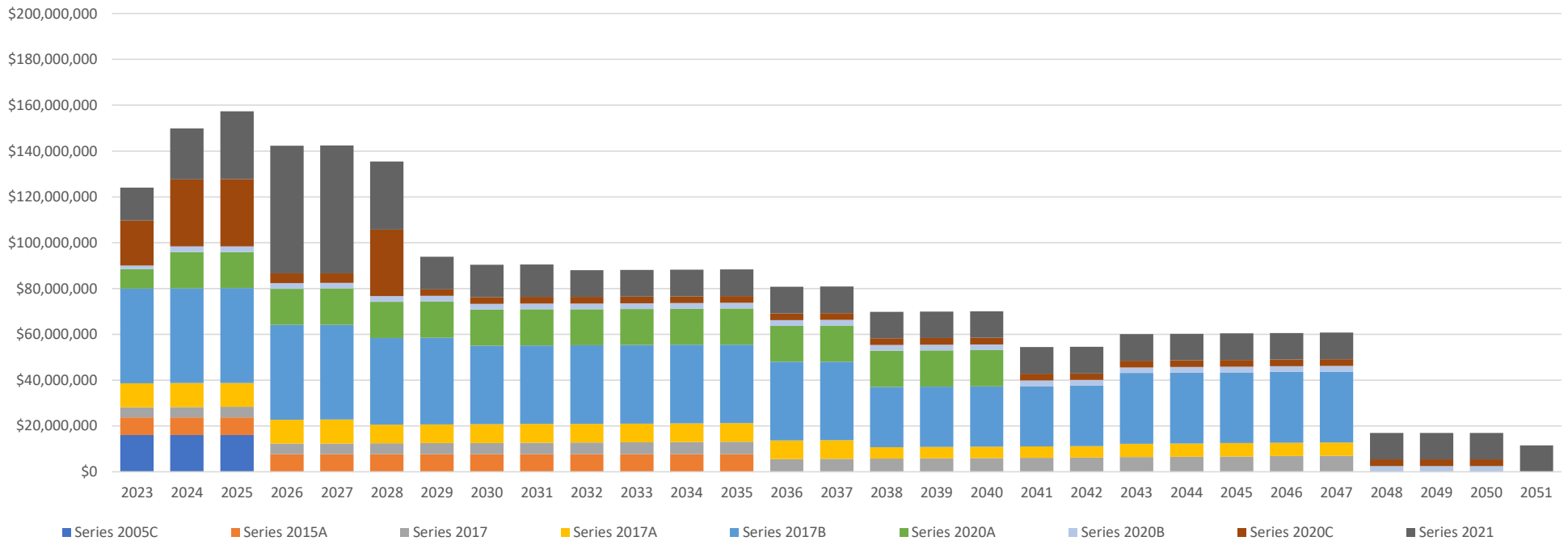


Current Forecast Projected Debt Service Coverage (Test #2)



Modest Debt Levels

\$1.512 billion debt portfolio is 97% fixed rate



Note: Debt service for the 2005C VRDBs is based upon the fixed swap rate cash flows plus LOC costs and re-marketing fees; and the Series 2017 Taxable Loan at 1.513%. Does not include outstanding commercial paper.

Capital Development Program Update

- As of PHL’s 2021 bond sale, the Airport’s capital program consisted of \$1.26 billion in capital projects
- \$367 million has been spent to date (as of October 7, 2022)
- Next debt issuance is not anticipated until calendar year 2025

(Dollars in millions)

PROJECTS	TOTAL COST
Airfield and Aprons	\$388.9
Terminal and Landside	752.2
Security and Technology	89.9
PNE Airfield and Taxiways	31.8
TOTAL CAPITAL PROJECT ADVANCING THROUGH FY 2026	\$1,262.8

(Dollars in millions)

FUNDING SOURCES	TOTAL FUNDING SOURCES
PFC / Grants	\$474.8
Operating Funds	4.3
Existing Debt	365.2
2025 Bonds	266.4
Future Debt	152.1
TOTAL FUNDING SOURCES	\$1,262.8





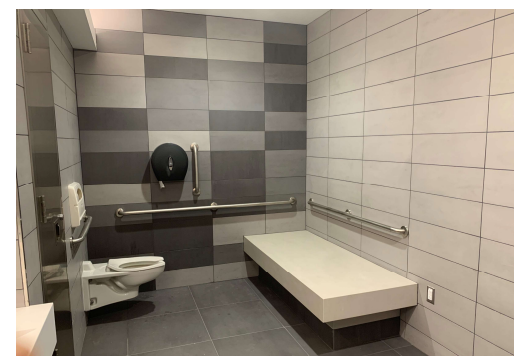
PHL Capital Project Highlights

Nonstop PHL

Restroom Renovation Program

As part of our continuous commitment to enhancing the guest experience, PHL has been modernizing 48 sets of passenger-facing restrooms

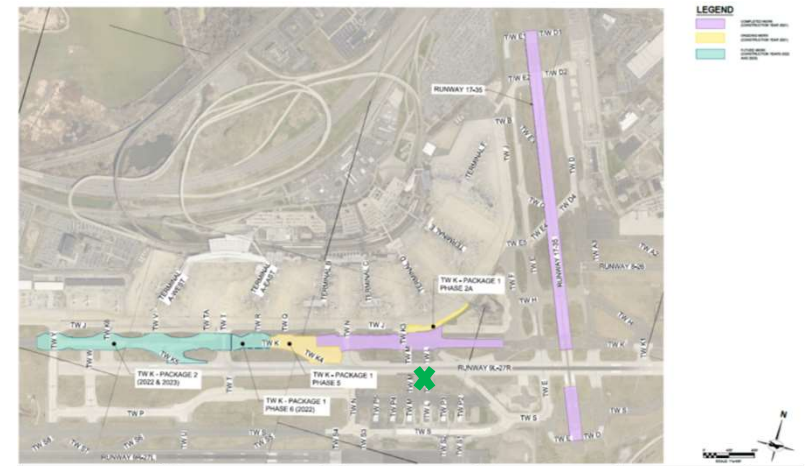
- Goals include improving quality and comfort, accommodating more travelers, expanding accessibility for persons with disabilities and implementing sustainability measures
- PHL's newest restroom set features its first built-in lactation suite and adult changing room
- The Restroom Renovation Program received \$24 million from the Bipartisan Infrastructure Law, Airport Terminal Program
- Total program estimate is approximately \$130 million



Taxiway K Rehabilitation

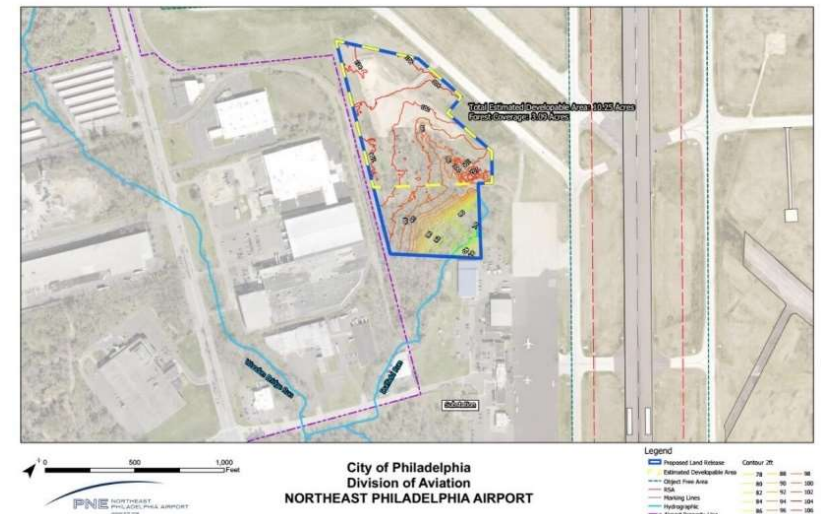
Rehabilitation of Taxiway K pavement to improve the serviceability of the pavement and to eliminate any structural deficiencies

- Work entails the addition of approximately 160,000 square feet of impervious surface
- Construction of new Taxiway K2; Installation of new taxiway centerline lights; new taxiway pavement markings
- Received over \$55M in FAA Airport Improvement Program grants
- Total project estimate is approximately \$80 million



Solar Farm at PNE

- Currently in negotiations with the selected vendor, Solaer USA, to enter into Power Purchase Agreement for installation, maintenance, and operation of photovoltaic panels
- The solar farm will provide all of PNE's City owned buildings and assets with clean, renewable energy
- DOA's goal – purchase or generate 100% renewable electricity by 2030
- This will be the first solar farm for the City of Philadelphia
- Workforce development opportunity for youth to learn skills related to clean energy



West Cargo Expansion



JFK	4.0 M Sqft
ORD	3.8 M Sqft
MIA	3.4 M Sqft
LAX	2.1 M Sqft

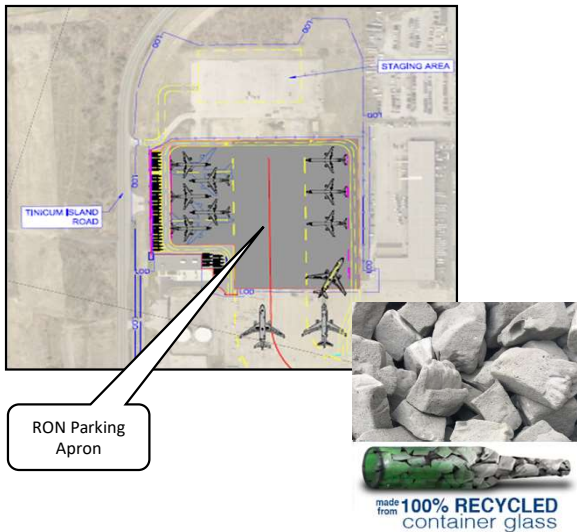
\$53 billion
in air export volume
in the Mid-Atlantic
catchment area

PHL
Only 9% of
that volume;
Potential to
capture
more

A 1 Million sqft facility
would support approximately
6,000 permanent jobs

Cargo Development – Enabling Projects

Remain Overnight (RON) Apron



- 58,000 SF of Aircraft Apron
- Ultra-Lightweight Foamed Glass Aggregate used to mitigate settlement of pavement
 - Diverted 85 million glass bottles from landfills
- \$38 million construction cost
- Received 2022 AAEE Airports Going Green Award for “Outstanding Sustainability Infrastructure Development”

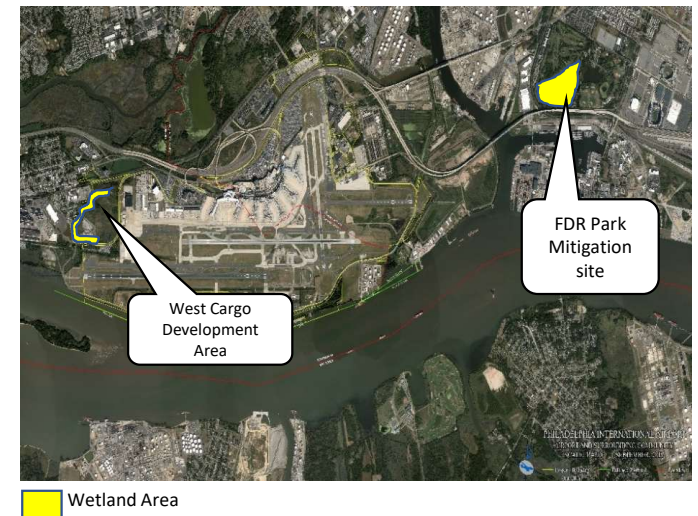


Tinicum Island Road Relocation



- Relocation of approximately 1 mile of the existing Tinicum Island Road to allow the airport to integrate recently acquired land into the airport property for Cargo Expansion
- Scope includes road construction and wetlands mitigation related to the impacts of this specific project
- \$25 million construction cost

Wetlands Mitigation at FDR Park



- Approximately 45-Acre Wetlands Mitigation Development located at FDR Park to mitigate wetlands and waterways impacts related to the Airport’s West Cargo Expansion Program
- Work is in collaboration with Philadelphia Parks and Recreation and is consistent with the recently released Master Plan for the Park
- \$28 million construction cost

ESG Approach at PHL



Environmental

- Monitoring & Managing Carbon Footprint
- Reducing & Diverting Waste
- Managing Our Natural Resources
- Assessing & Mitigating Climate Risks



Social

- Focus on diversity, equity and inclusion
- Initiatives to support MWBE businesses
- Community Engagement & Outreach
- Health & Safety programs at PHL



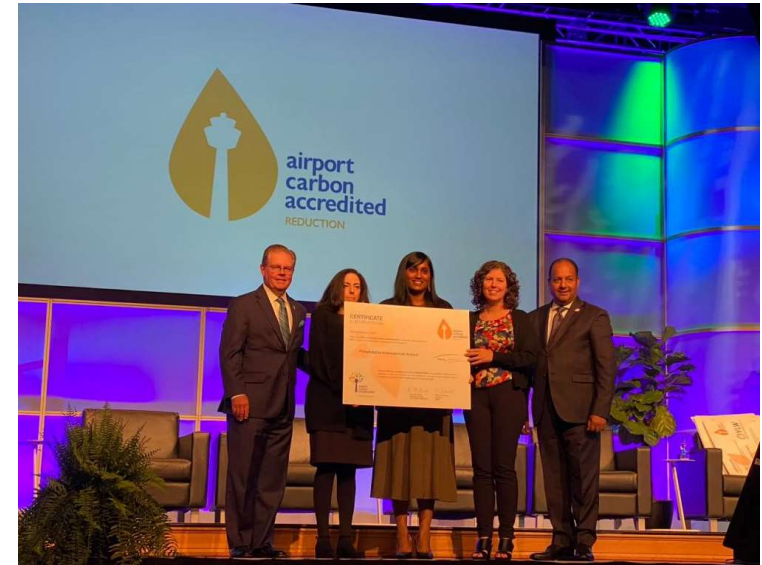
Governance

- The Division operates as a self-supporting enterprise fund of the City
- PHL services a market covering eleven counties in four states

Airport Carbon Accreditation

Airport Carbon Accreditation (ACA)

- Airport Carbon Accreditation is the only institutionally-endorsed, global carbon management certification program for airports. It independently assesses and recognizes the efforts of airports to manage and reduce their carbon emissions through 6 levels of certification: 'Mapping', 'Reduction', 'Optimisation', 'Neutrality', 'Transformation' and 'Transition'
- **PHL achieved Level 2 'Reduction' accreditation in October 2022.**
 - First airport in Pennsylvania to receive accreditation
 - There are currently 10 accredited airports at Level 2 'Reduction', representing 4.7% of the North American air passenger traffic
- **PNE achieved Level 1 'Mapping' accreditation in October 2022.**
 - Second airport in Pennsylvania to receive accreditation
 - There are currently 28 accredited airports at Level 1 'Mapping', representing 11.0% of the North American air passenger traffic



- + **MAPPING**
Footprint measurement
- + **REDUCTION**
Carbon management towards a reduced carbon footprint
- + **OPTIMISATION**
Third party engagement in carbon footprint reduction
- + **NEUTRALITY**
Carbon neutrality for direct emissions by offsetting
- + **TRANSFORMATION**
Transforming airport operations and those of its business partners to achieve absolute emissions reductions
- + **TRANSITION**
Compensation for residual emissions with reliable offsets

PHL's Credit Highlights

- ✓ Consistent financial performance
- ✓ PHL serves as a key hub and the trans-Atlantic gateway for American Airlines
- ✓ Service from low cost and ultra low cost carriers increasing the levels of O&D activity
- ✓ MSA's large population and diverse economy driven by healthcare, education and technology
- ✓ Proactive management response and flexibility to address the challenges of COVID-19 while maintaining competitive airline rates and charges
- ✓ Conservative and modest debt portfolio
- ✓ Experienced management team



Nonstop PHL

Thank you

We Deliver Results

November 3, 2022