

COVID-19 Financial Overview

March 24, 2020



Background

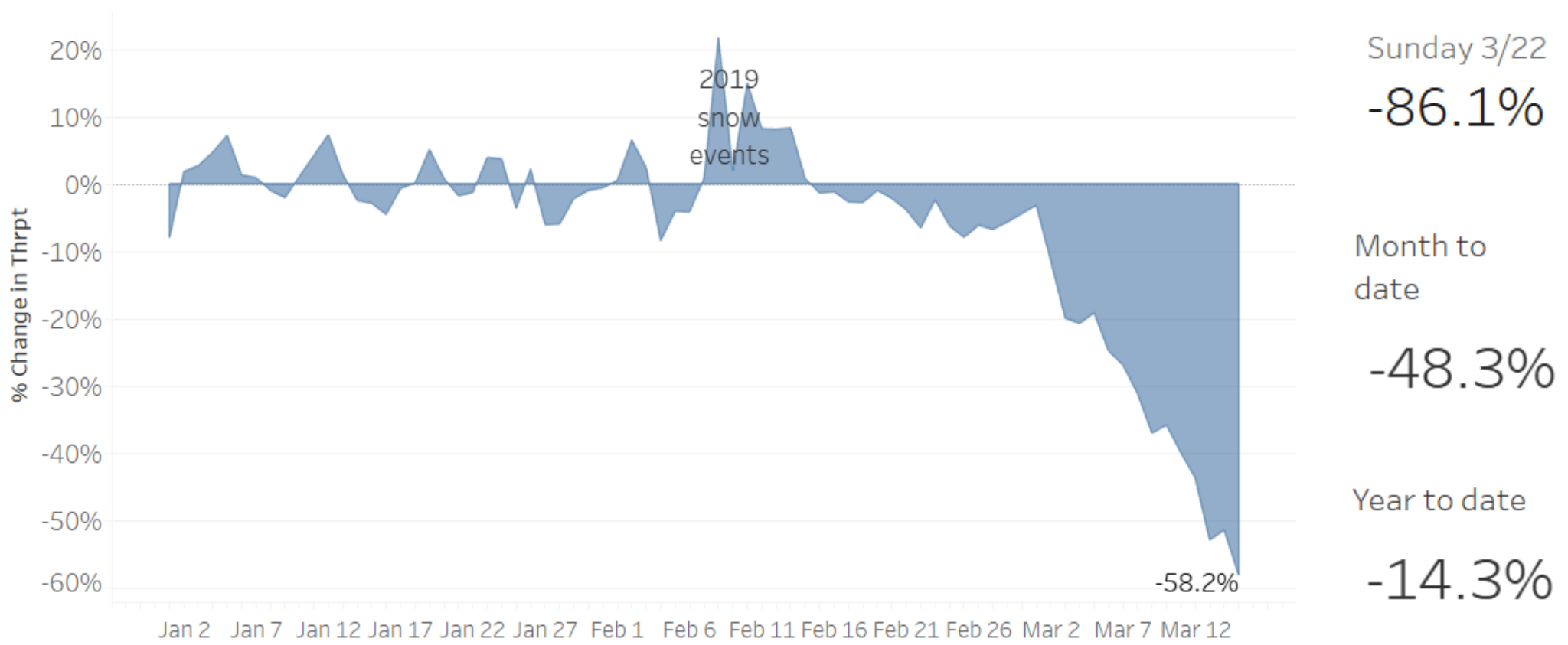
- The accelerating COVID-19 infection rate and government response is having a significant impact on Port business operations
- The airport is currently experiencing the most severe impacts; this year's cruise season is also at significant risk
- Some Maritime/EDD commercial businesses affected
- Financial impacts to NWSA appear moderate at present



Airport activity is dropping precipitously

TSA checkpoint activity down 80%+ in recent days

Change vs. prior year



Prepared by Business Intelligence

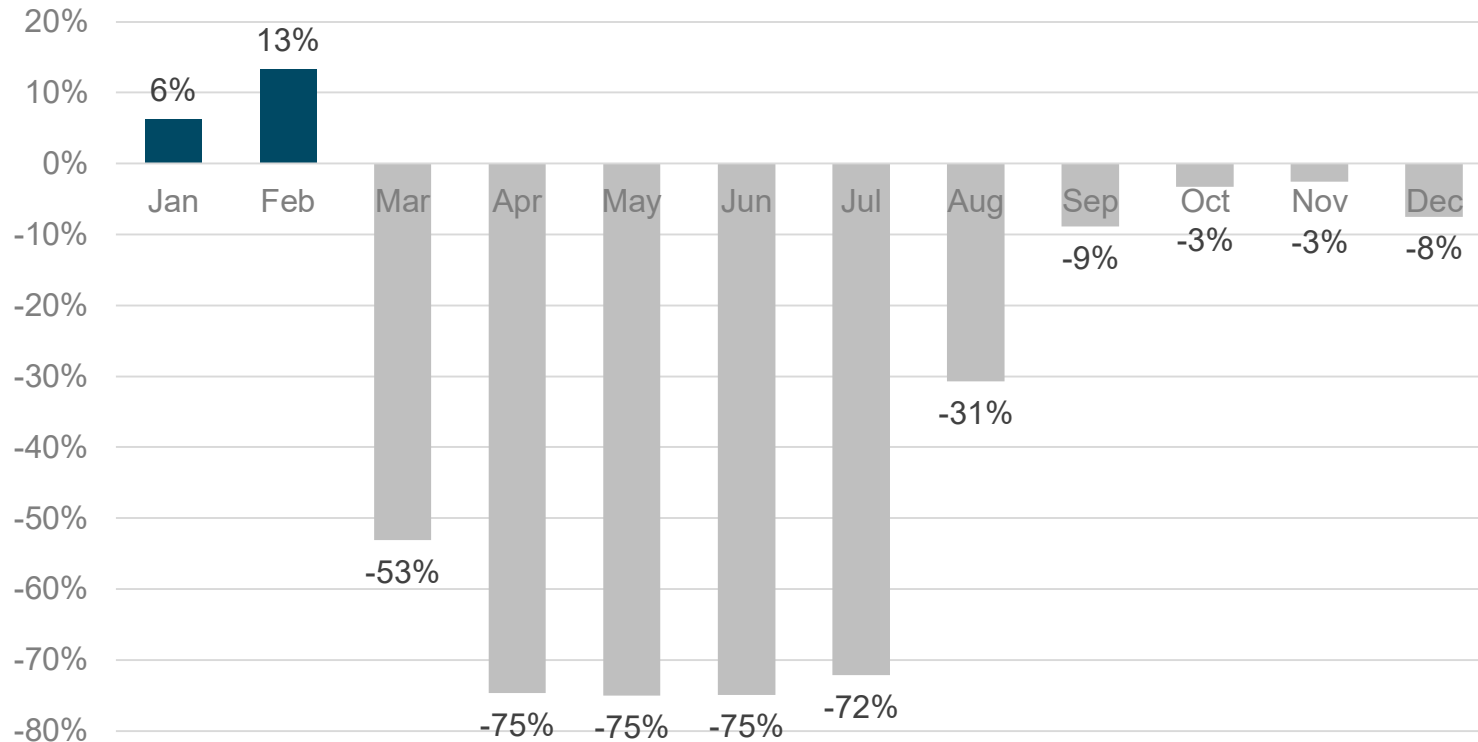
Airline Capacity Cuts

(as of 3/23/20)

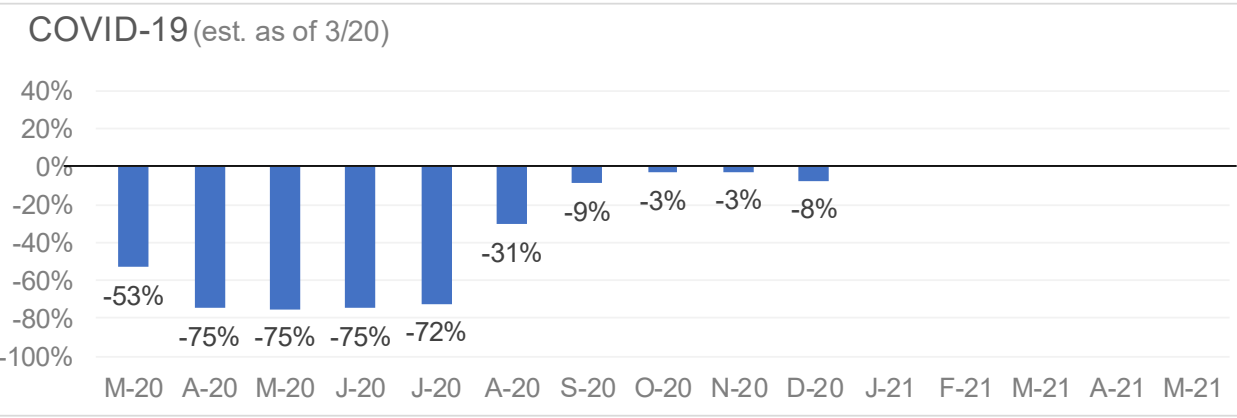
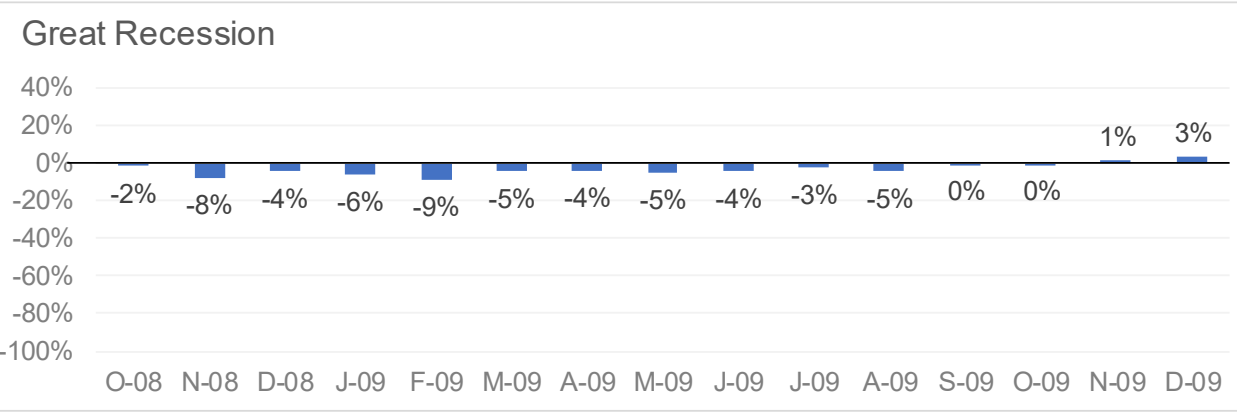
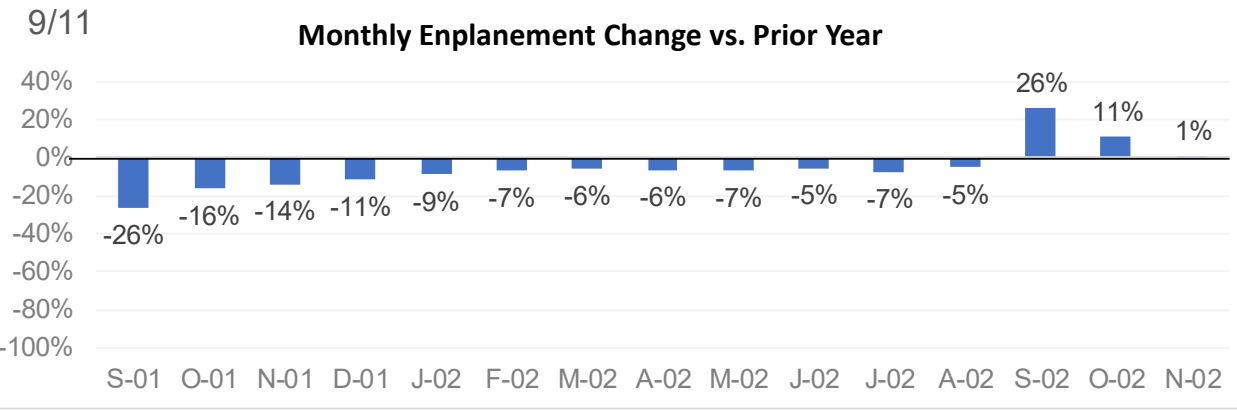
- Alaska: -10% April; -15% May
- Delta: -70% network-wide (next few months)
- United: -60% network-wide (April & May)
- American: -20% April, -30% May domestic
- Southwest: -20%, 4/14-6/5
- Hawaiian: flights suspended from late March UFN
- JetBlue: reducing from 7 flights/day to 3 flights/day in April
- Spirit: reducing from 6 flights/day in April to 2-3 flights per day
- Int'l service: Europe, Asia & Canada services mostly suspended, Mexico service changes unknown (Int'l capacity reduction of 90%+)

Airport COVID-19 Impact Projection (March 20)

Monthly Enplanement Change vs. Prior Year



35% reduction vs. 2019.



The COVID-19 crisis is projected to have a significantly greater impact on SEA passenger traffic than previous downturns

Cruise season at risk

- Outbreaks of COVID-19 onboard and quarantined ships have raised significant concerns.
- CLIA has announced voluntary suspensions of cruises from US ports for 30 days.
- Canada has closed its ports to cruise ship calls until July 1.



Financial Considerations

- COVID-19 will result in significant revenue reductions
- Impacts are difficult to estimate given substantial uncertainty regarding the depth and duration of the crisis, with new information arriving almost daily
- Key considerations are operating cash balances, operating & non-operating cash flows, and capital spending
- Revenue bond debt service coverage is also a key measure
- Unlike many other governments, the Port is not required to match revenue reductions with equivalent expense reductions
- Credit markets are currently stressed, limiting access to outside capital

Responses/Early Actions

- Conducting detailed financial analyses to assess impacts on cash flow and liquidity
- Hiring freeze in place
- Identifying Port-wide operating and capital expenditure reductions
- Reviewing other expenditures that may be deferred
- Pursuing \$200 million bank credit facility for additional liquidity
- Planning for airport bond refunding for debt service savings/possible restructuring when markets recover
- Advocating for federal funding for economic support and recovery, particularly for airports and small businesses