



Update from Kentucky's Largest Commercial Service Airports

CVG, LEX, and SDF

October 2021



Today's Flight Plan

- Economic Benefits of Kentucky's Largest Commercial Airports
- Airport Updates and Project Highlights
 - SDF
 - LEX
 - CVG
- Financial Impact of COVID-19
- Q&A





Economic Impacts

- Our airports are self-sustaining: tax generators and job creators (see graphic below)
- We are the front door for Kentucky to more than **14 million** residents, visitors, and businesses per year (pre-2020)
- Collectively, we support more than **134,000+ jobs** with a combined economic impact of **\$18.27 billion** per year
- Since March 2020, federal relief has been a lifeline, but our airports are multi-million-dollar businesses with persistent, growing operational/capital demands



Tax Revenues Produced*

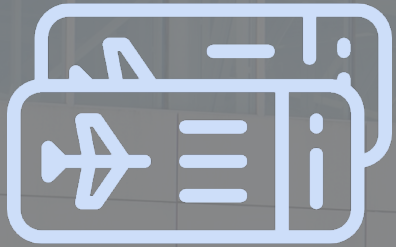
**\$480 million+
per year**

*SDF and CVG only



Economic Impacts (contd.)

Total Passengers Served (pre-2020)



14,807,667 annually

CVG: 9,103,554
LEX: 1,465,049
SDF: 4,239,064

Direct/Indirect Jobs Supported



134,077

CVG: 47,876
LEX: 3,478
SDF: 82,723

Total Annual Economic Impact*



\$18,270,323,277

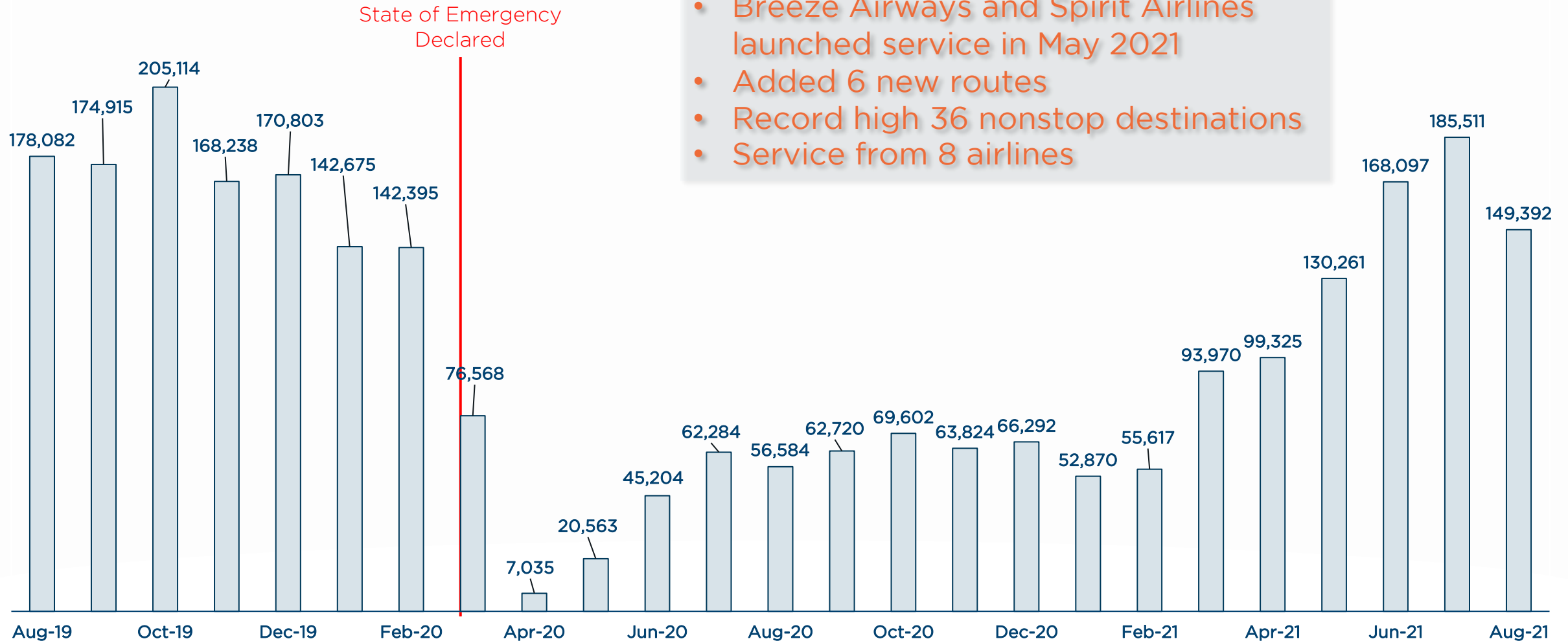
CVG: \$7,048,405,659
LEX: \$442,003,080
SDF: \$10,779,914,538

*Study figures adjusted for inflation to 2020 \$



SDF Monthly Enplaned Passenger Trend

August 2019 – August 2021



Air Service Impacts

- Breeze Airways and Spirit Airlines launched service in May 2021
- Added 6 new routes
- Record high 36 nonstop destinations
- Service from 8 airlines

Air Cargo at SDF

- As home of UPS Worldport, SDF also serves as the base to UPS Airlines, the fourth largest cargo airline in the world.
- SDF remains as a Top 5 Busiest Cargo Airport in the World in 2020
 - Ranked no. 5 Worldwide
 - Ranked no. 3 North America
- UPS Worldport delivered first doses of COVID-19 vaccine in December 2020.
- UPS and SDF continue to benefit from a surge in e-commerce.



Investing in our Future: SDF Project Highlights

2021

- New Airport Operations Center and Security Improvements \$18.5 million
- Terminal Geothermal and Ramp Expansion Project \$21.7 million
- Airfield Pavement Rehabilitation \$7 million
- Replace 7 Passenger Boarding Bridges \$10 million
- Airfield Taxiway Lighting \$1 million



2022

- Rehab Airfield Electrical Vault and Lighting \$11.8 million
- Taxiway L Reconstruction and Extension \$19 million
- Airfield Pavement Rehabilitation \$6.25 million
- Replace 12 Passenger Boarding Bridges \$13.3 million
- Parking Garage Towers and Atria Renovation \$4 million

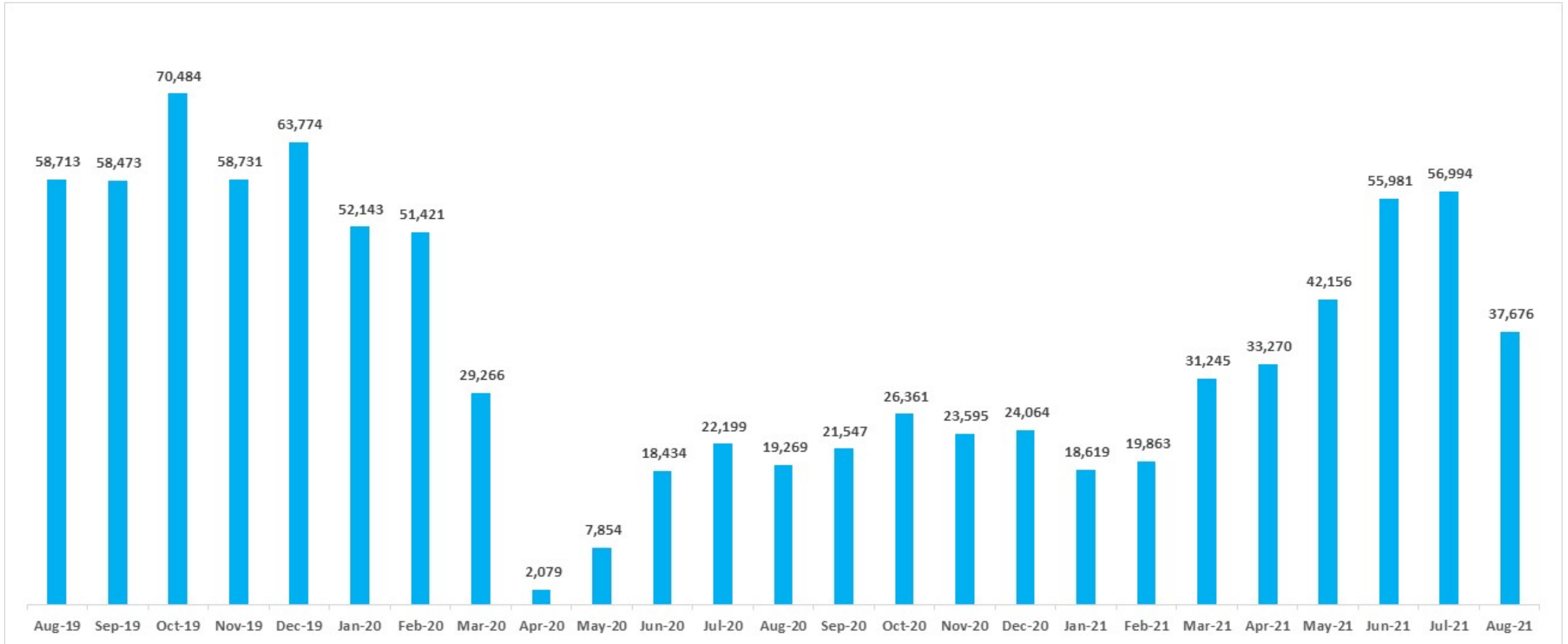


2023

- Terminal HVAC, Lighting and Plumbing Upgrades \$65 million
- Airfield Pavement Rehabilitation \$6.5 million
- Taxiway D Reconstruction \$8 million
- Taxiway P Relocation \$10 million
- Part 150 Program Update \$3 million

LEX Monthly Enplaned Passenger Trend

August 2019 – August 2021



Note: August 2021 includes a three-day closure with no flights (runway resurfacing)

LEX Recent/Upcoming Projects

2021: Completed rehabilitation of primary commercial service runway
\$15.0 million

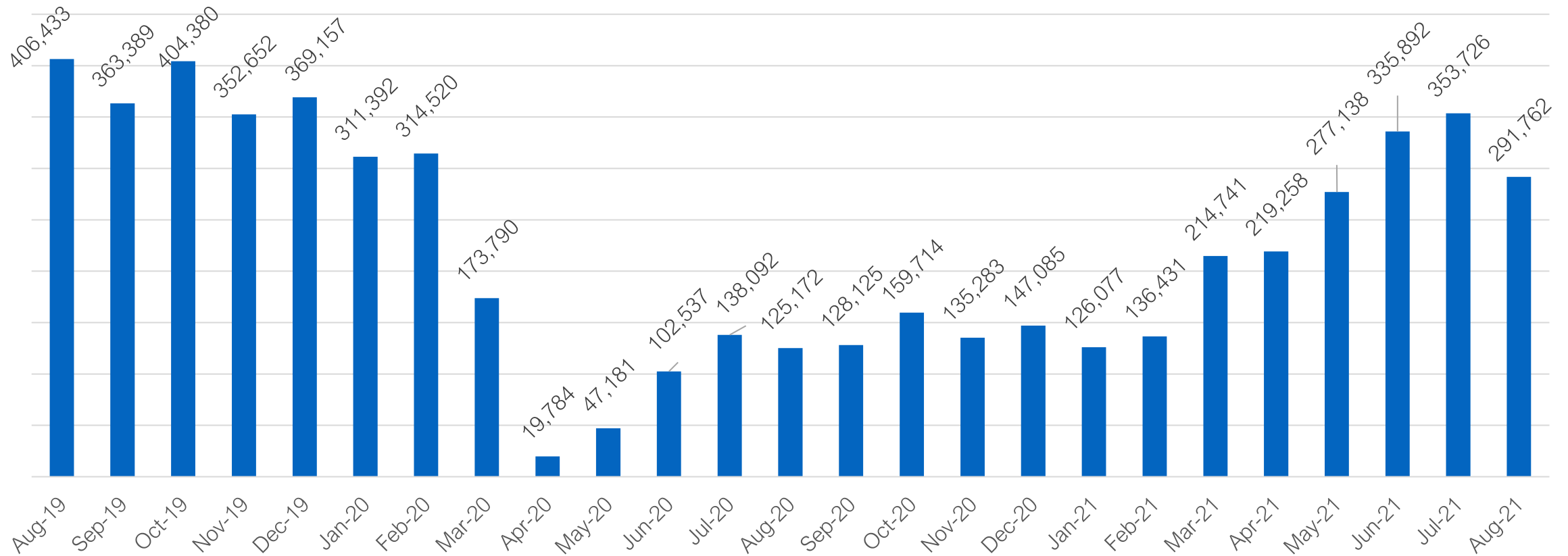
2022: Install Engineered Material Arresting System (south end) to enhance safety
\$12.0 million

2023: Install Engineered Material Arresting System (north end) to enhance safety
\$7.0 million



CVG Monthly Enplaned Passenger Trend

August 2019 – August 2021



While volumes have improved, passenger traffic lacks corporate demand and is impacted by Delta variant

Amazon Air Hub Project

Construction on the site continues amid official opening of first phase in August 2021.

Amazon has built its primary North American air hub at CVG. Project announced in January 2017. Site work for phase one began in spring 2019. This phase became operational in August 2021, and work on the hub will be continuous through 2026.



Amazon Hub

North American air cargo hub: \$1.5bn investment by Amazon

First aircraft loading into hub

PHOTO TAKEN

August 2021



Capital Projects & Investments

1 Dermody I

Wayfair – Completed 2016
225 employees

2 Dermody II

Distribution Center – Completed 2017
140 employees

3 Hemmer

Bosch – Completed 2017
150 employees

4 Van Trust I

DB Schenker – Completed 2018
580 employees

5 Van Trust II

Wayfair – Completed 2019
~260 employees

6 Aeroterm

FedEx/Common Use Cargo – Completed 2019
~100 employees

7 Van Trust III

GE Aviation – Completed 2020
~175 employees

8 Lynxs

FEAM Hangar – Completed 2020
~200 employees

9 ConRAC/CSB

ConRAC and Customer Service Bldg. – Under Construction (2021)

Amazon Phase I

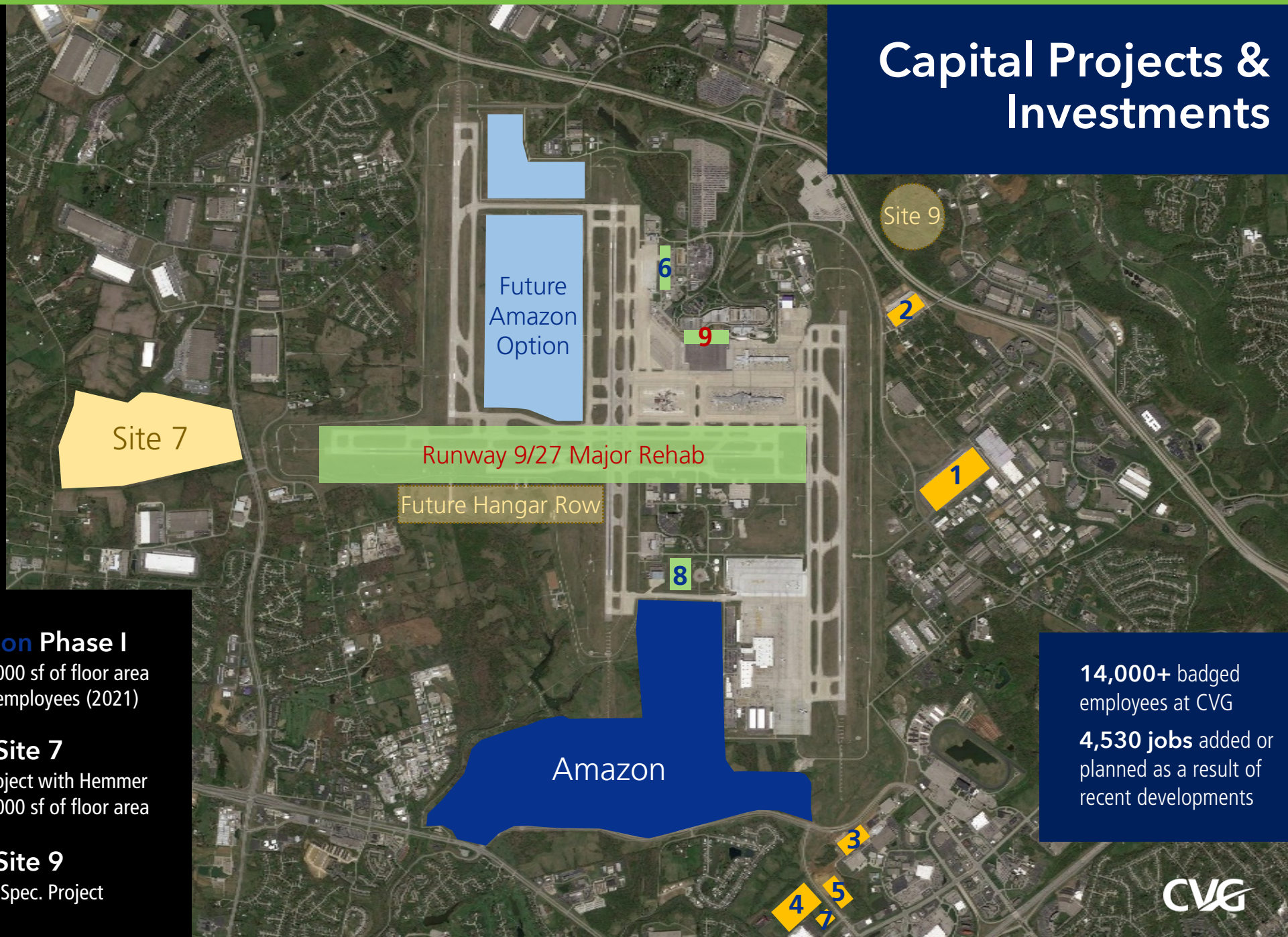
~3,000,000 sf of floor area
~2,000 employees (2021)

CVG Site 7

Spec. Project with Hemmer
~2,400,000 sf of floor area

CVG Site 9

Planned Spec. Project



14,000+ badged employees at CVG

4,530 jobs added or planned as a result of recent developments



CVG Capital Projects: 2021-22 Highlights

Recent or Soon to be Completed

- Consolidated rental car facility: **\$175 million+**
- Runway 9/27 major rehabilitation: **\$69 million**
- Baggage handling system improvements: **\$15.4 million**
- Escalator replacements/rehab (Terminal, Garage): **\$3.9 million**
- Loomis Road rehabilitation: **\$1.6 million**

Near-Term (started/ongoing in 2022)

- Chiller replacements for Terminal and Concourse B: **\$2.4 million**
- Apron rehab (Concourse B + west remote) : **\$28.4 million**
- Rehab of east service area: **\$3.2 million**
- Passenger loading bridge replacements (Conc. B): **\$20 million**



Financial Situation at Kentucky Airports

- While federal relief funds have been critical, Kentucky's largest commercial airports will continue to see pandemic impacts for years
- Our airports' budgets are starting to improve but, until travel demand fully returns, we will be carefully managing cash flow

		SDF July 1 – June 30 FY	CVG Jan. 1 – Dec. 31 FY	LEX July 1 – June 30 FY
2020	Budget (enacted)	\$129 million (includes grant funding)	\$120 million (includes debt service + required transfers)	\$20 million
	Budget (reduced by)	- \$19 million	- \$27 million	- \$7 million
	Revenue Loss	\$4.5 million	\$45 million (before use of fed. funds)	\$11.5 million
2021	Budget	\$107.6 million (includes grant funding)	\$107 million (includes debt service + required transfers)	\$13 million
	Est. Revenue Loss	\$14.3 million	\$35 million (before use of fed. funds)	\$7 million
2022	Budget	\$107.3 million (includes grant funding)	N/A	\$15 million
	Est. Revenue Loss	\$5.7 million	N/A	\$5 million
Federal Relief (CARES, CRRSAA, ARPA)		\$68.5 million (funds allocated to debt service payments)	\$97 million	\$20.5 million



Q&A



Thank You!

<https://bluegrassairport.com>

www.CVGairport.com

www.flylouisville.com