

**LAWA**  
LOS ANGELES WORLD AIRPORTS



# LOS ANGELES INTERNATIONAL AIRPORT

**Investor Presentation, March 9, 2020**

**Tatiana Starostina, *Chief Financial Officer***

**GENERAL** – This presentation you are about to view is provided as of March 9, 2020. If you are viewing this presentation after March 9, 2020 there may have been events that occurred subsequent to such date that would have a material adverse effect on the information that is presented in this presentation, and the Department of Airports of the City of Los Angeles (“LAWA” or the “Department”) does not undertake any obligation to update this presentation. The information provided in this presentation is not warranted as to completeness or accuracy and is subject to change without notice.

**ADDITIONAL INFORMATION** –For further information and a more complete description of LAWA and LAWA’s securities, investors are referred to (i) the Official Statement or Offering Memorandum of LAWA related to LAWA’s securities and (ii) LAWA’s reports of annual financial information available on LAWA investor relations website at <https://www.lawa.org/en/lawa-investor-relations> or <http://emma.msrb.org/>, all of which speak only as of their respective dates. This presentation is provided for your information and convenience only. Any investment decisions regarding LAWA’s securities should only be made after a careful review of an Official Statement or Offering Memorandum of LAWA, as applicable, related to such securities. Capitalized terms not defined in this presentation have the meanings ascribed to them in the Official Statements and Offering Memoranda of LAWA. Unless the context dictates otherwise, references to the Series 2020A Official Statement in this presentation refer to the Official Statement of LAWA dated February 25, 2019.

**NO OFFER OF SECURITIES** – This presentation does not constitute commendation or an offer or solicitation for the purchase or sale of any security or other financial instrument, including any LAWA securities, or to adopt any investment strategy. Any offer or solicitation with respect to any LAWA securities will be made solely by means of an Official Statement or Offering Memorandum. In no event will LAWA be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in this presentation and such information may not be relied upon by any party in evaluating the merits of participating in any transaction mentioned in this presentation. Nothing in these materials constitutes a commitment by LAWA to enter in to any transaction. No assurance can be given that any transaction mentioned in this presentation could in fact be executed. Past performance is not indicative of future returns, which will vary. Transactions involving any LAWA securities may not be suitable for all investors. Each investor should consult with his, her or its own advisors as to the suitability of securities or other financial instruments for the investor’s particular circumstances.

**FORWARD-LOOKING STATEMENTS** – Certain statements included in this presentation constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any future results discussed in this presentation will be achieved, and actual results may differ materially from the expectations and forecasts described in this presentation. All projections, forecasts, assumptions, expressions of opinion, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this presentation. LAWA does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions or circumstances on which such statements are based, occur. Statements contained in this presentation which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described in this presentation, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion, whether or not expressly so described in this presentation, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this presentation are subject to change without notice and the delivery of this presentation will not, under any circumstances, create any implication that there has been no change in the affairs of LAWA. By providing the information in this presentation, LAWA does not imply or represent (a) that all information provided in this presentation is material to investors’ decisions regarding investment in any LAWA securities, (b) the completeness or accuracy of any financial, operational or other information not included in this presentation, (c) regarding any other financial, operating or other information about LAWA, or its outstanding securities, (d) that no changes, circumstances or events have occurred since the dated date of the information provided this presentation or (e) that no other circumstances or events have occurred or that no other information exists concerning LAWA, its outstanding securities or the contemplated transactions which may have a bearing on LAWA financial condition, the security for LAWA securities, or an investor’s decision to buy, sell, or hold any of LAWA’s securities.

**RESTRICTIONS ON USE** – This presentation may not be reproduced, disseminated, quoted or referred to, in whole or in part. By accessing or otherwise accepting this presentation, you agree not to duplicate, copy, screen capture, electronically store or record this presentation, nor to produce, publish or distribute this presentation in any form whatsoever.

**NO RELIANCE ON LAWA** – LAWA makes no representations as to the legal, tax, credit or accounting treatment of any transactions mentioned in this presentation, or any other effects such transactions may have on you and your affiliates or any other parties to such transactions and their respective affiliates. You should consult with your own advisors as to such matters and the consequences of the purchase and ownership of securities or other financial instruments. LAWA does not provide tax advice. Any statements contained in this presentation as to tax matters were neither written nor intended to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on such taxpayer. You will be responsible for consulting with your own advisors and making your own independent investigation and appraisal of the risks, benefits, appropriateness and suitability of the proposed transaction and any other transactions contemplated by this presentation and LAWA is not making any recommendation (personal or otherwise) or giving any investment advice and will have no liability with respect thereto. Prospective investors should contact their salesperson at, and execute transactions through an underwriter for any LAWA securities, qualified in their home jurisdiction unless governing law permits otherwise.

**SUMMARIES NOT COMPREHENSIVE OR DEFINITIVE** – This presentation may include brief descriptions of LAWA, LAWA securities and summaries of LAWA’s indentures and certain other documents. Such summaries do not purport to be comprehensive or definitive. All references in this presentation to such documents and to any other documents, statutes, reports or other instruments described in this presentation are qualified in their entirety by reference to each such document, statute, report or other instrument.

## LAX continues its strong operational and financial growth

### Premier Domestic and International Gateway

- In 2018, LAX ranked as the **1<sup>st</sup> Busiest Origin and Destination passenger airport in the U.S.<sup>1</sup>** and **2<sup>nd</sup> Busiest Origin and Destination passenger airport in the world<sup>2</sup>**
- **Serves 2<sup>nd</sup> largest U.S. Combined Statistical Area (CSA) by population, number of households with income >\$100,000, and gross regional product<sup>3</sup>**
- In 2018, LAX ranked as the **4<sup>th</sup> busiest airport in the world** and the **2<sup>nd</sup> busiest in North America** in terms of total enplaned passengers<sup>1</sup>

### Operational Results

- **44.2 million enplanements in FY 2019**, up 1.5% from FY 2018<sup>4</sup>
- Enplanements have grown 22.4% since 2015, adding over 8.1 million enplanements<sup>4</sup>

### Thriving Airline Competition

- Hub airport where no airline has a market share of enplanements above 20%<sup>4</sup>
- All 3 airline alliances provide service at the Airport, as do many low-cost airlines<sup>4</sup>

### Financial Results

- FY 2019 Operating Revenues of \$1.5 billion grew 6.5% from FY 2018<sup>5</sup>
- FY 2019 Senior Lien Debt Service Coverage = 7.90x<sup>6</sup>
- **FY 2019 Total Debt Service Coverage = 3.42x<sup>6</sup>**

### Capital Development

- \$12.3 billion Capital Program through FY2025 includes LAWA's share of capital funding costs for the APM System and ConRAC Facility P3s<sup>7</sup>
- Capital Program includes \$7.0 billion of terminal projects<sup>7</sup>

<sup>1</sup> Series 2020A Official Statement, Introduction, Aviation Activity

<sup>2</sup> Report of Airport Consultant, Airline Traffic (Source: International Air Transport Association Passenger Intelligence Services)

<sup>3</sup> Report of the Airport Consultant, Economic Basis, Table 3 and Table 5 and Figure 13

<sup>4</sup> Series 2020A Official Statement, Table 8

<sup>5</sup> Series 2020A Official Statement, Table 11

<sup>6</sup> Series 2020A Official Statement, Table 15

<sup>7</sup> Series 2020A Official Statement, Airport and Capital Planning, Financing the Capital Program



## The strength and diversity of the Los Angeles CSA economy supports LAX's predominantly O&D traffic and ongoing enplanement growth

### Five Largest U.S. Metropolitan Regions<sup>1</sup>

Rank	Metropolitan Region	Population (mm)
1	New York-Newark CSA	23.1
<b>2</b>	<b>Los Angeles CSA</b>	<b>18.9</b>
3	Chicago-Naperville CSA	9.9
4	Washington-Baltimore-Arlington-CSA	9.9
5	San Jose-San Francisco-Oakland CSA	9.7

Combined Statistical Area as defined by Office of Management and Budget  
 LA CSA: Counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura  
 Source: Woods & Poole Economics, Inc., May 2019

### Household Income above \$100,000<sup>2</sup>

Rank	Metropolitan Region	Households with Income of \$100k+
1	New York-Newark CSA	3,267,994
<b>2</b>	<b>Los Angeles CSA</b>	<b>2,058,456</b>
3	Chicago-Naperville CSA	1,615,286
4	Washington-Baltimore-Arlington-CSA	1,337,011
5	San Jose-San Francisco-Oakland CSA	1,187,391

Combined Statistical Area as defined by Office of Management and Budget  
 LA CSA: Counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura  
 Source: 2018 Esri Market Profiles, accessed June 2019

- Unemployment rates in the Los Angeles CSA are currently at their lowest level since the recession (4.2%)<sup>3</sup>

### Los Angeles CSA Top 15 Private Sector Employers<sup>4</sup>



<sup>1</sup> Report of the Airport Consultant, Table 3 (as of May 2019)

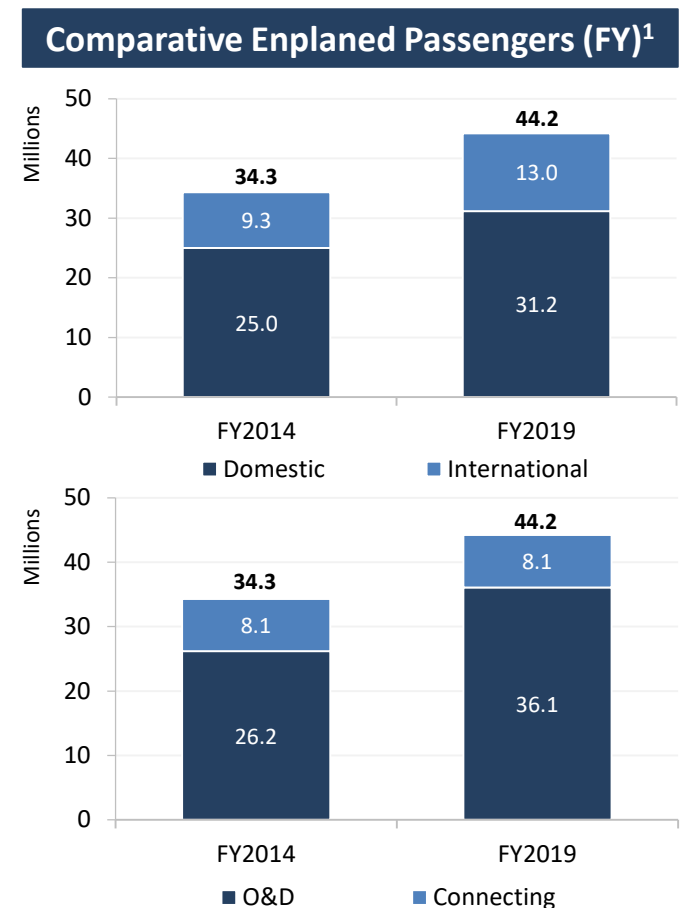
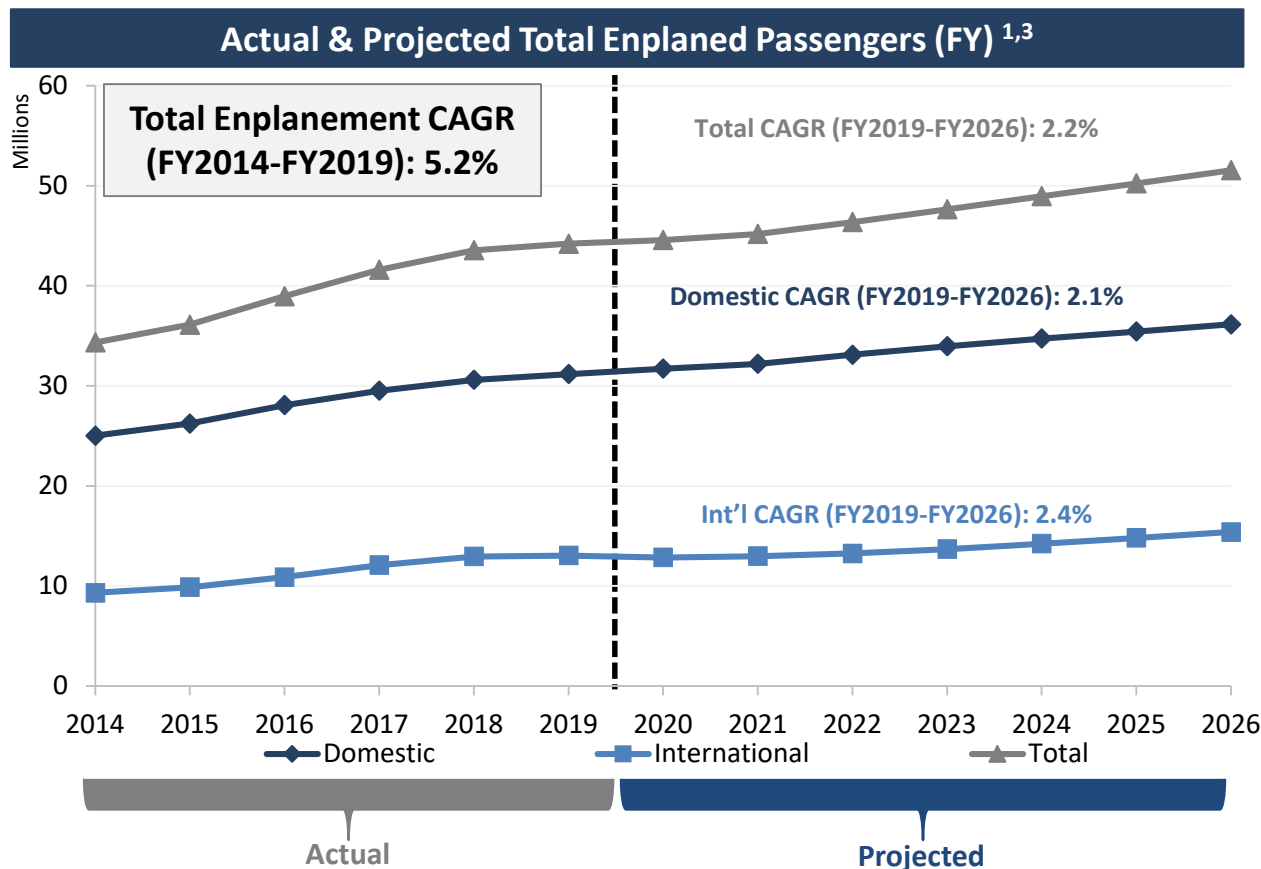
<sup>2</sup> Report of the Airport Consultant, Table 5 (as of June 2019)

<sup>3</sup> Report of the Airport Consultant, Figure 8 (as of June 2019)

<sup>4</sup> Report of the Airport Consultant, Table 4; Ordered from largest to smallest

**From FY 2014 to FY 2019, total passenger enplanement CAGR was 5.2%, representing total enplaned passenger growth of 9.9 million<sup>1</sup>**

- In FY2019, O&D passengers were nearly 82% of total enplanements and international passengers accounted for more than 29% of enplanements<sup>1</sup>
- In FY2019, LAX accounted for 76.5% of all enplaned passengers and 97.1% international enplanements at the six airports in the Los Angeles CSA<sup>2</sup>



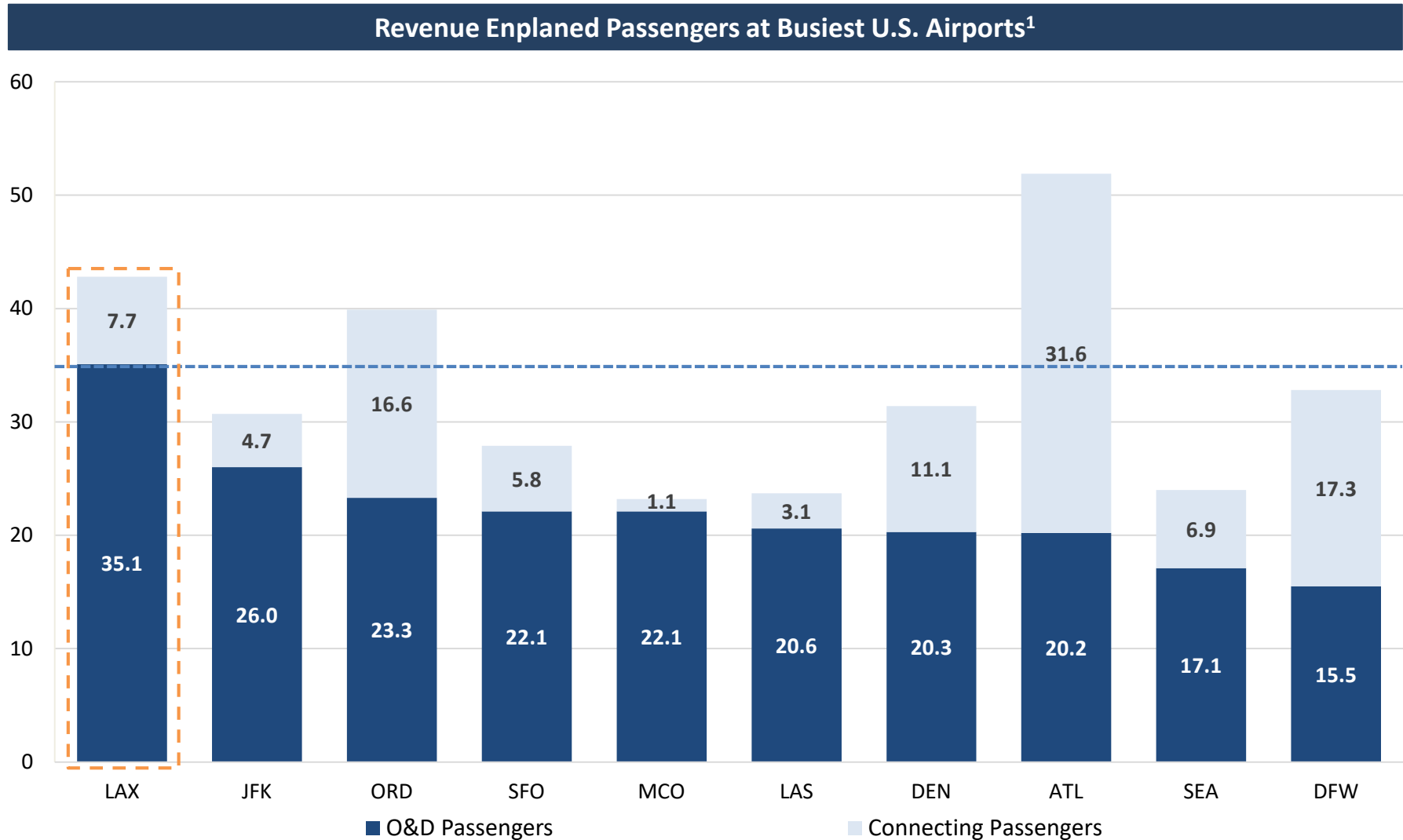
<sup>1</sup> Report of the Airport Consultant, Table 9; Totals may not add due to rounding (Source: Department records; U.S. Department of Transportation)

<sup>2</sup> Series 2020A Official Statement, Los Angeles International Airport, Competition

<sup>3</sup> Report of the Airport Consultant, Table 15 (Source: Historical Department records. Forecast Growth Rates, ICF, September 2019)

# BUSIEST O&D AIRPORT IN THE U.S.

The strength of the Air Trade Area and LAWA's facilities combine to make it the nation's busiest O&D airport, with 35.1 million O&D enplanements<sup>1</sup>



<sup>1</sup> Report of the Airport Consultant, Figure 5 (as of Calendar Year 2018). (Source: U.S. Department of Transportation, T100 database)

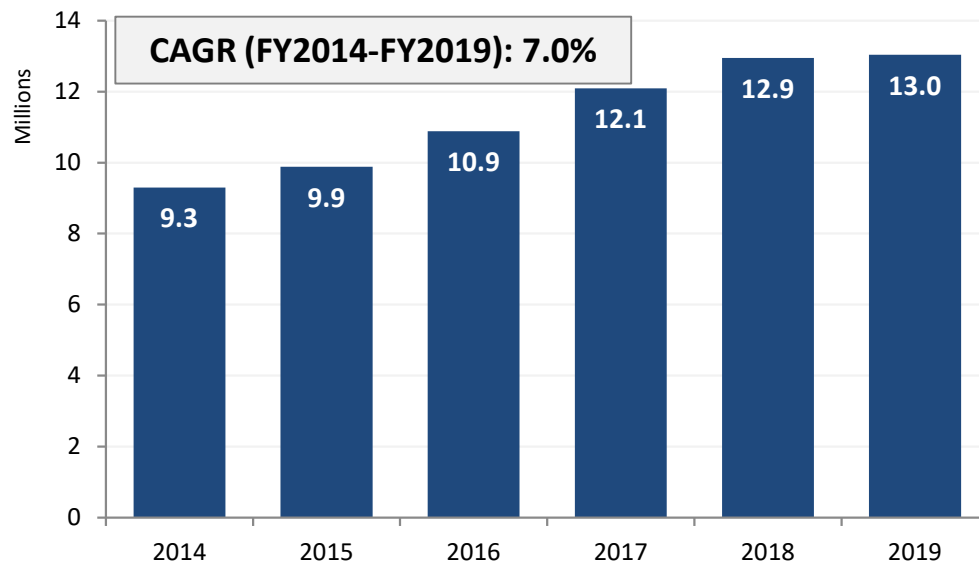
## LAX is the 2<sup>nd</sup> busiest U.S. airport in terms of international enplanements<sup>1</sup>

- As of September 2019, LAX provides scheduled service to 86 international destinations via 56 foreign flag carriers as well as 16 domestic carriers<sup>2</sup>

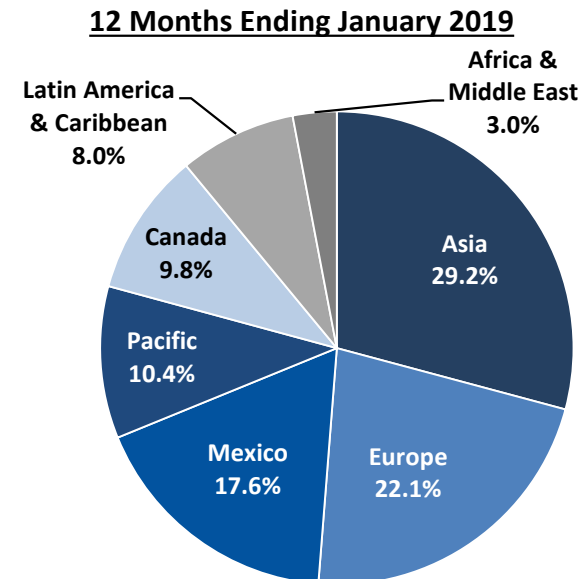
**5 Busiest International Gateway Airports In U.S. (by International Revenue Enplaned Passengers)<sup>1</sup>**

Rank	Airport	International Enplanements (millions)
1	New York – JFK (JFK)	16.7
<b>2</b>	<b>Los Angeles (LAX)</b>	<b>12.8</b>
3	Miami (MIA)	10.6
4	Newark (EWR)	7.0
5	San Francisco (SFO)	6.9

**LAX International Enplaned Passengers<sup>3</sup>**



**LAX Int'l Markets by Int'l Revenue Enplaned Passengers<sup>4</sup>**



<sup>1</sup> Report of the Airport Consultant, Figure 6 (Source: U.S. Department of Transportation, T100 database)

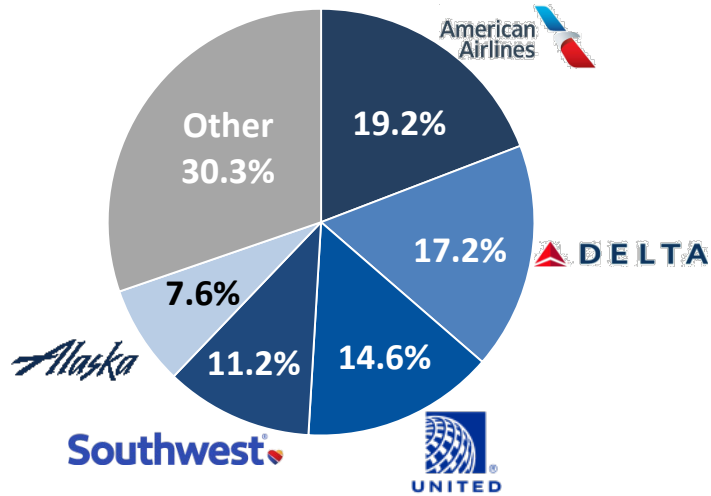
<sup>2</sup> Report of the Airport Consultant, Passenger Traffic and Airline Service Trends, Airlines Serving the Airport and Scheduled Airline Service

<sup>3</sup> Report of the Airport Consultant, Table 9 (Source: Department records; U.S. Department of Transportation)

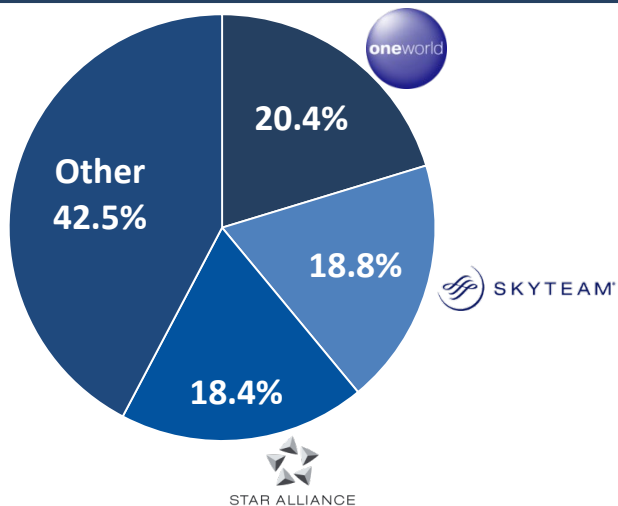
<sup>4</sup> Report of the Airport Consultant, Passenger Volumes at LAX

**LAX has less carrier concentration than any other top 10 U.S. airport.  
No airline accounts for more than 20% of enplanements<sup>1</sup>**

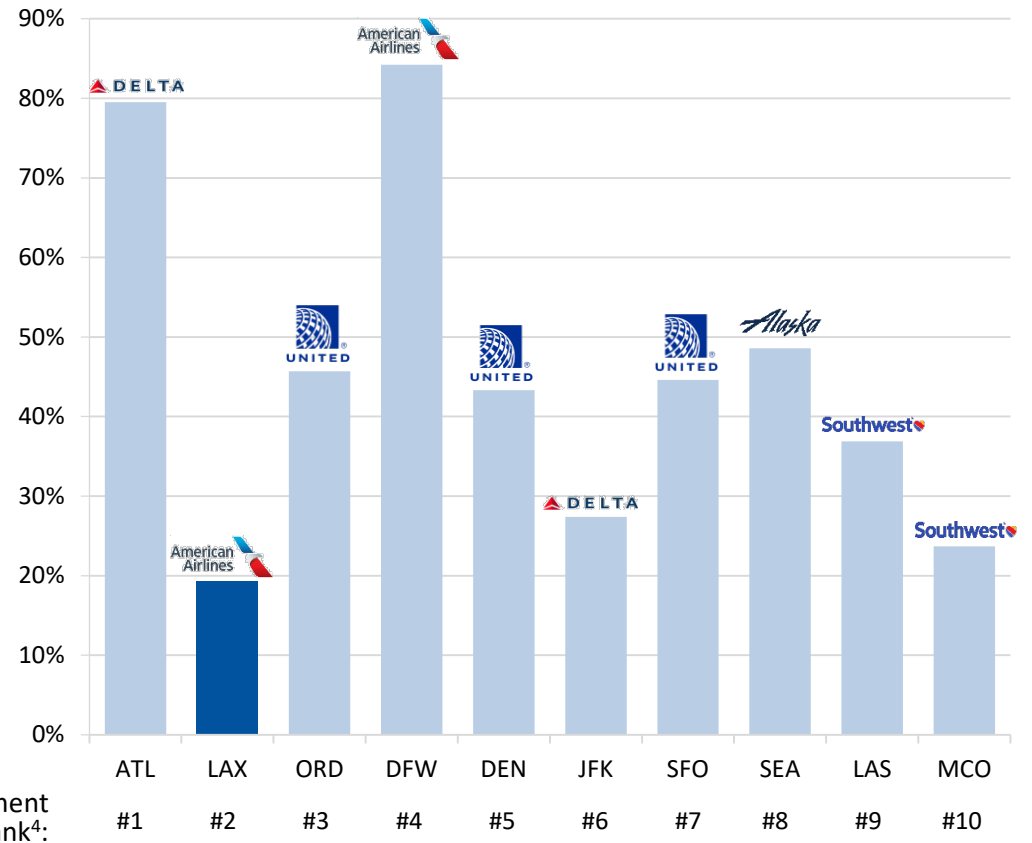
**Enplanements by Carrier in FY 2019<sup>2</sup>**



**Enplanements by Alliance in FY 2019<sup>2</sup>**



**Share of Passengers Carried by the Largest Airline Serving the Top 10 Busiest U.S. Airports by Enplanements<sup>3,4</sup>**



ATL = Hartsfield-Jackson Int'l Airport  
 LAX = Los Angeles Int'l Airport  
 ORD = Chicago O'Hare Int'l Airport  
 DFW = Dallas/Fort Worth Int'l Airport  
 DEN = Denver Int'l Airport  
 JFK = John F. Kennedy Int'l Airport  
 SFO = San Francisco Int'l Airport  
 LAS = McCarran Int'l Airport  
 SEA = Seattle-Tacoma Int'l Airport  
 MCO = Orlando Int'l Airport

Note: Does not include unscheduled service. For those airlines that (i) were party to a completed merger or acquisition, (ii) have received a single FAA certificate and (iii) have completed operational integration, only the surviving entity is presented and the activity for the airlines that are now a part of the surviving airline are included in the information presented (including in years prior to the such merger or acquisition).

<sup>1</sup> Series 2020A Official Statement, Los Angeles International Airport, Introduction

<sup>2</sup> Series 2020A Official Statement, Table 8; Totals may not add due to rounding

<sup>3</sup> Report of the Airport Consultant, Figure 16 (Source: U.S. Department of Transportation, T100 database)

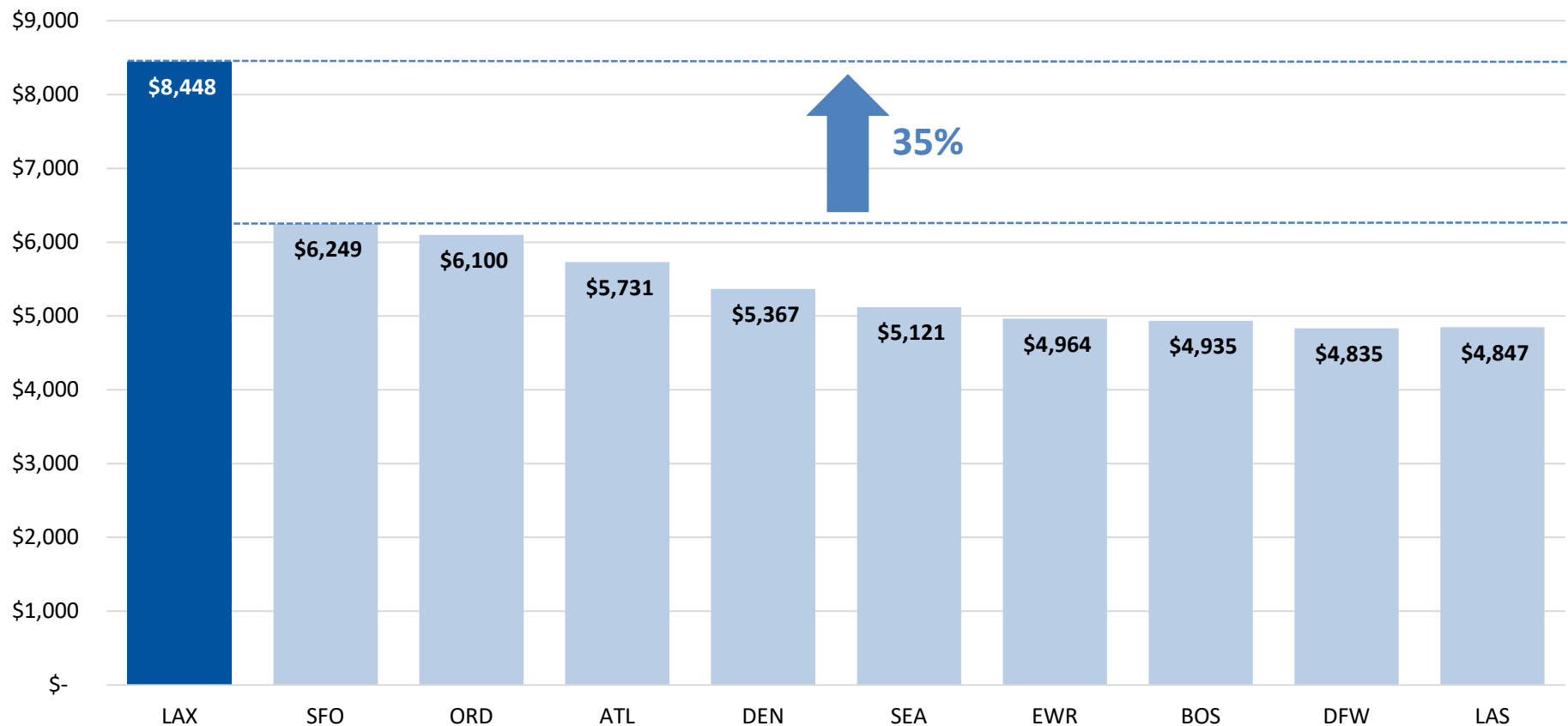
<sup>4</sup> Report of the Airport Consultant, Figure 5 (Source: U.S. Department of Transportation, T100 database)



# LAX GENERATES SIGNIFICANT FARE REVENUE

**LAX is a highly desirable market for airlines, generating the most domestic fare revenue of all large hub airports -- LAX's revenue was 35% higher than the next ranking airport**

**Top Ten Large Hub Airports By Domestic Airline Fare Revenue (millions)<sup>1</sup>**

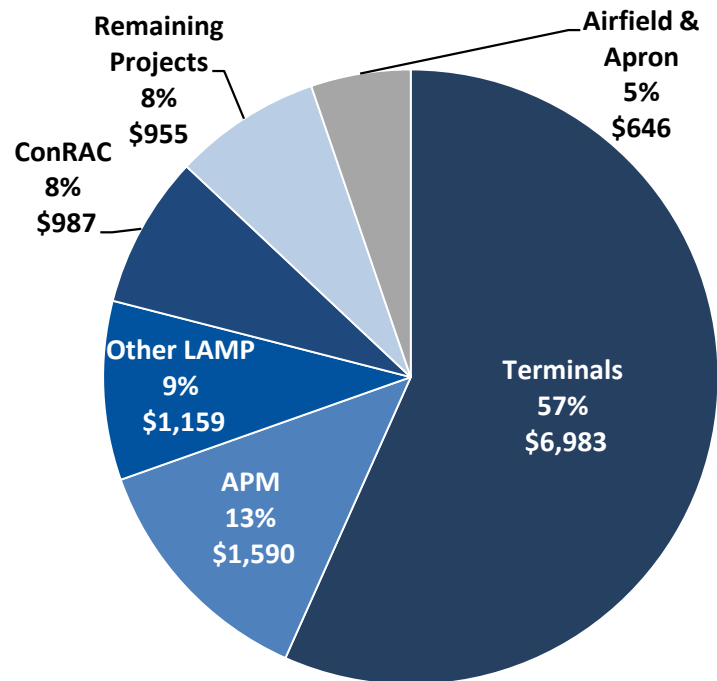


LAX = Los Angeles International Airport  
SFO = San Francisco International Airport  
ORD = Chicago O'Hare International Airport  
ATL = Hartsfield-Jackson Atlanta International Airport  
DEN = Denver International Airport  
SEA = Seattle-Tacoma International Airport  
EWR = Newark International Airport  
BOS = Boston Logan International Airport

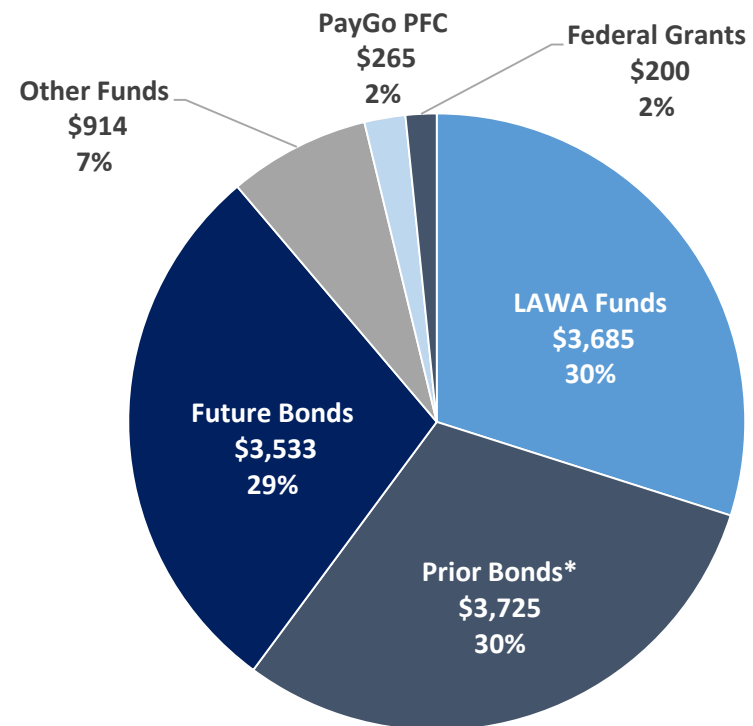
<sup>1</sup> Report of the Airport Consultant, Table 14 (Source: U.S. Department of Transportation, O&D Survey, 2018)

**LAWA’s far reaching capital program will enhance the guest experience through more efficient landside access, modernization of terminal facilities and improved concessions**

**Capital Program by Cost Center<sup>1,2</sup> (millions)**



**Capital Program Funding Sources<sup>1,3</sup> (millions)**



**LAWA’s Total Capital Program = \$12.3 billion<sup>1,4</sup>**

<sup>1</sup> Preliminary and subject to change; Note, the Capital Program is through FY2025 and forecast goes to FY2026 to show one full FY of financial forecasts beyond Capital Program

<sup>2</sup> Report of the Airport Consultant, Figure 26 (Source: Department Records)

<sup>3</sup> Report of the Airport Consultant, Figure 29; Does not include developer equity or debt financing (Source: Department Records)

<sup>4</sup> Includes LAWA’s share of capital funding costs for APM System and ConRAC Facility P3s

\*Prior Bonds includes Series 2019F Subordinate Bond Proceeds

## LAWA utilizes a strategic approach by employing multiple project delivery methods to manage cost and risk

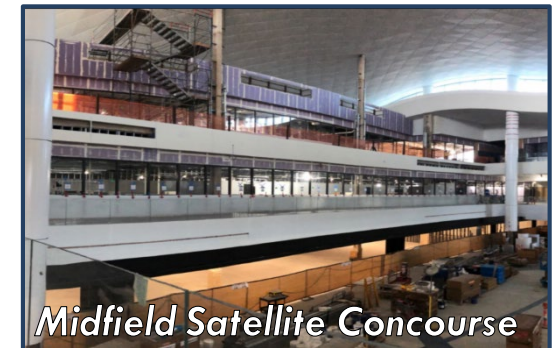
- **LAWA Managed Projects**
  - Largely common-use terminal or shared infrastructure projects
  - *Provides LAWLA with control over projects*
- **Tenant / Airline Managed Projects**
  - Employed in Airline/Concessionaire controlled areas to manage scope, cost, and schedule
  - *Demonstrates airline stakeholder investment in LAX terminals*
- **Public-Private Partnerships (“P3s”)**
  - Use Design, Build, Finance, Operate, and Maintain (“DBFOM”) P3 approach, typically for projects related to landside infrastructure, *to allocate certain risks associated with cost schedule adherence and operational performance to a developer*
  - Balances upfront investment costs with long-term lifecycle investment costs



<sup>1</sup> Los Angeles World Airports, Airports Development Group website

## LAWA continues to invest in common-use projects and multi-tenant airline facilities to accommodate continued enplanement growth

- **Baggage System Enhancements<sup>1</sup>**
  - Construction of baggage conveyance systems, explosives trace detection workstations, an on-screen resolution control room, and installation/integration of explosives detection system machines to be provided by the TSA
  - **Estimated Cost:** \$263.8 million
  - **Estimated Completion:** By FY2020
- **Midfield Satellite Concourse and Apron – North Project<sup>1</sup>**
  - New 15-gate concourse west of Tom Bradley International Terminal
  - **Estimated Cost:** \$1.7 billion
  - **Estimated Completion:** By FY2021
- **Taxiway C14 Construction<sup>2</sup>**
  - Construction of new 3,600-foot long by 82-foot wide north-south crossfield taxiway to provide unimpeded access between north and south airfields
  - **Estimated Cost:** \$119.2 million
  - **Estimated Completion:** FY2021
- **Other Airfield and Apron Projects<sup>2</sup>**
  - Consists of Taxilane T improvements, storm water improvements and miscellaneous airfield improvements
  - **Estimated Cost:** \$160.3 million
  - **Estimated Completion:** By FY2025
- **Other Terminal Projects<sup>1</sup>**
  - Consists of CTA departure and arrival level security bollards, closed circuit television improvements, TBIT automated security lanes, and other miscellaneous terminal improvements
  - **Estimated Cost:** \$156.9 million
  - **Estimated Completion:** FY2025



<sup>1</sup> Report of the Airport Consultant, Capital Program, Terminals

<sup>2</sup> Report of the Airport Consultant, Capital Program, Airfield and Apron

Many airlines are undertaking investment in their terminals. LAWA retains control of its facilities by acquiring project components as they are completed<sup>1</sup>

**North Terminal Improvement Program (Terminals 2 and 3)<sup>2</sup>**

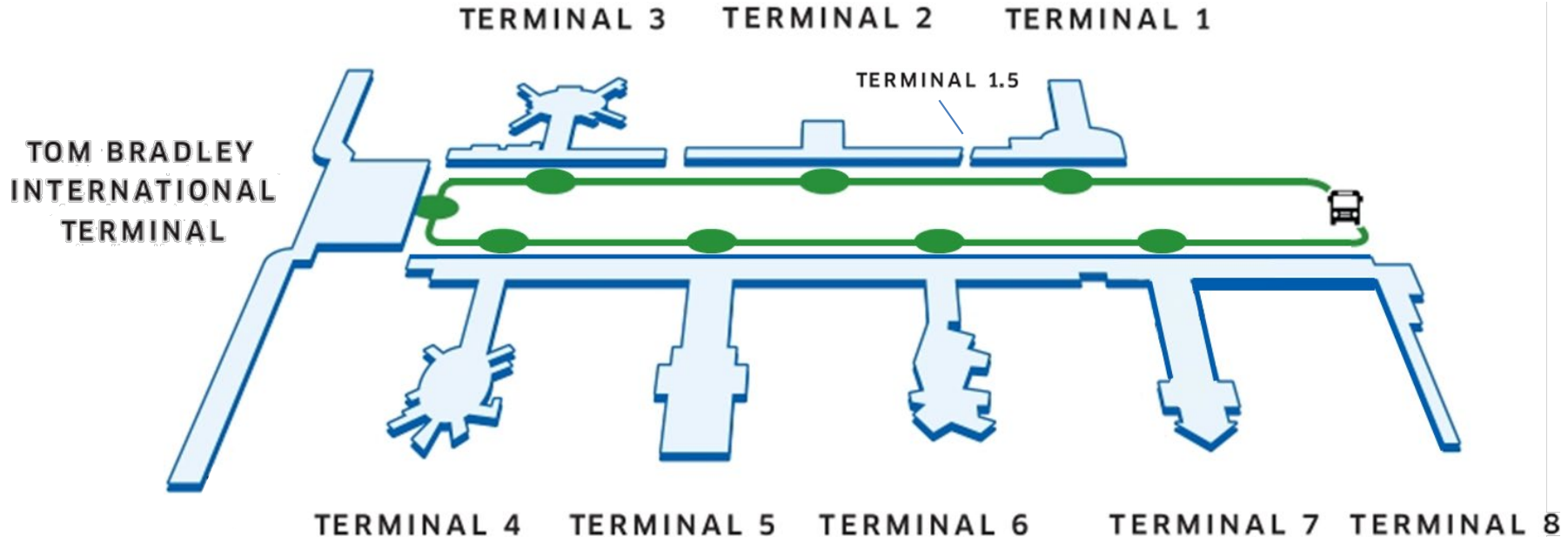


Renovation of Terminal 2 & 3 and secure connector to Tom Bradley International Terminal ("TBIT")  
**\$1.8 billion; FY23 Completion**

**Terminal 1.5<sup>2</sup>**



New terminal between Terminals 1 and 2  
**\$496.5 million; FY21 Completion**



**Terminal 4<sup>2,3</sup>**



Terminals 4 and 5 connector to the new APM  
**\$760.8 million<sup>2</sup>; FY25 Completion**

**Terminal 6 Project<sup>2</sup>**



Terminal Modernization  
**\$198.4 million; FY25 Completion**

<sup>1</sup> Report of the Airport Consultant, Capital Program

<sup>2</sup> Report of the Airport Consultant, Capital Program, Terminals

<sup>3</sup> Note, LAWA currently expects that an additional \$625 million in improvements to Terminal 4 may be required to complete the renovation of that terminal, but that the \$625 million of additional costs would be completed after the Forecast Period, by the end of 2027



## Portions of the LAX Landside Access Modernization Program (“LAMP”) are currently being implemented through the DBFOM P3 delivery approach<sup>1</sup>

- To address traffic congestion throughout LAX, LAWA is redeveloping the ground access system through the LAMP<sup>2</sup>
- LAMP components include the APM System, intermodal transportation facilities, the ConRAC Facility, pedestrian walkway connections to the passenger terminals within the Central Terminal Area (“CTA”), and roadway improvements<sup>2</sup>

### APM System Update

- Anticipated completion by FY 2023<sup>3</sup>
- Funding of a portion of APM System project costs by proceeds of the Series 2018E and Series 2019E Subordinate Bonds and the proceeds of Future Bonds issued by the Department<sup>4</sup>
- Subject to certain conditions, the APM Agreement provides that the Department make APM Milestone Payments to the APM Developer of approximately \$168.3 million not earlier than March 31, 2019, December 31, 2019, September 30, 2020, June 30, 2021, March 31, 2022 and 60 days after final completion of the APM Project<sup>5</sup>

### ConRAC Facility Update

- Anticipated completion by FY 2023, concurrent with APM System<sup>6</sup>
- Expected ConRAC Developer costs of approximately \$1.0 billion<sup>7</sup>
- ConRAC Developer, LA Gateway Partners, issued approximately \$450 million in privately placed debt, which along with a construction loan will finance its share of the facility’s design and construction<sup>7</sup>
- The first milestone payment is expected to occur in FY2020<sup>8</sup> and thereafter based on construction milestones



<sup>1</sup> Report of the Airport Consultant, Introduction Letter, Airport Capital Program

<sup>2</sup> Series 2020A Official Statement, Airport and Capital Planning, Overview, Capital Program, LAX Landside Access Modernization Program

<sup>3</sup> Series 2020A Official Statement, Airport and Capital Planning, Overview, Capital Program, APM Capital Availability Payments and Operations and Maintenance Payments

<sup>4</sup> Report of the Airport Consultant, APM System, Department Financial Obligations

<sup>5</sup> Series 2020A Official Statement, Airport and Capital Planning, Capital Program, The Automated People Mover System, Milestone Payments

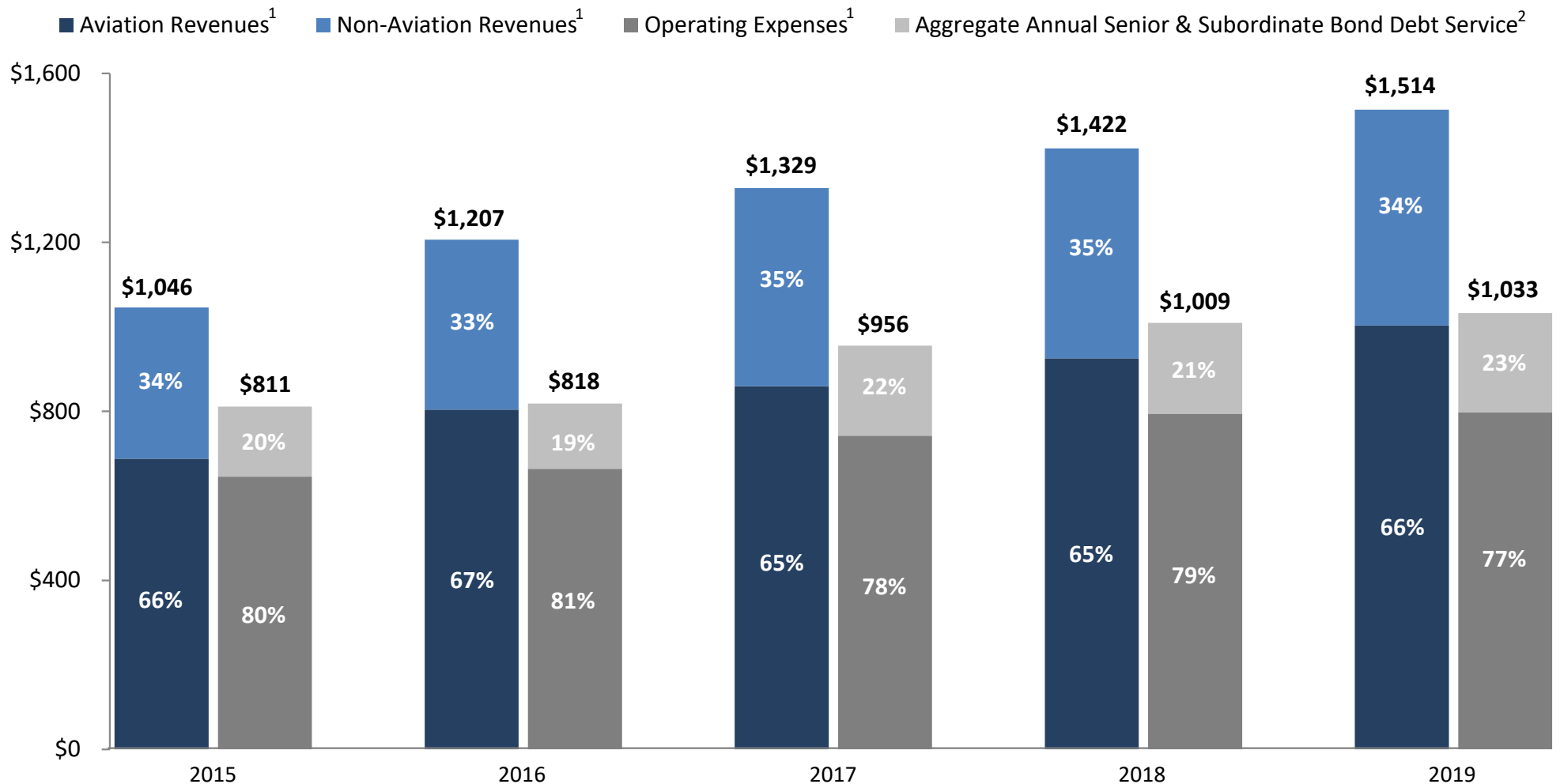
<sup>6</sup> Series 2020A Official Statement, Airport and Capital Planning, Overview, Capital Program, ConRAC Capital Availability Payments and ConRAC Operations and Maintenance Availability Payments

<sup>7</sup> Series 2020A Official Statement, Airport and Capital Planning, Overview, Capital Program, ConRAC Developer Share of Project Funding

<sup>8</sup> Series 2020A Official Statement, Airport and Capital Planning, Overview, Capital Program, ConRAC Milestone/Progress Payment

## LAX has demonstrated strong revenue growth in both non-aviation and aviation revenues from FY 2015 to FY 2019<sup>1</sup>

### Operating Revenues, Expenses, and Debt Service (\$ millions)



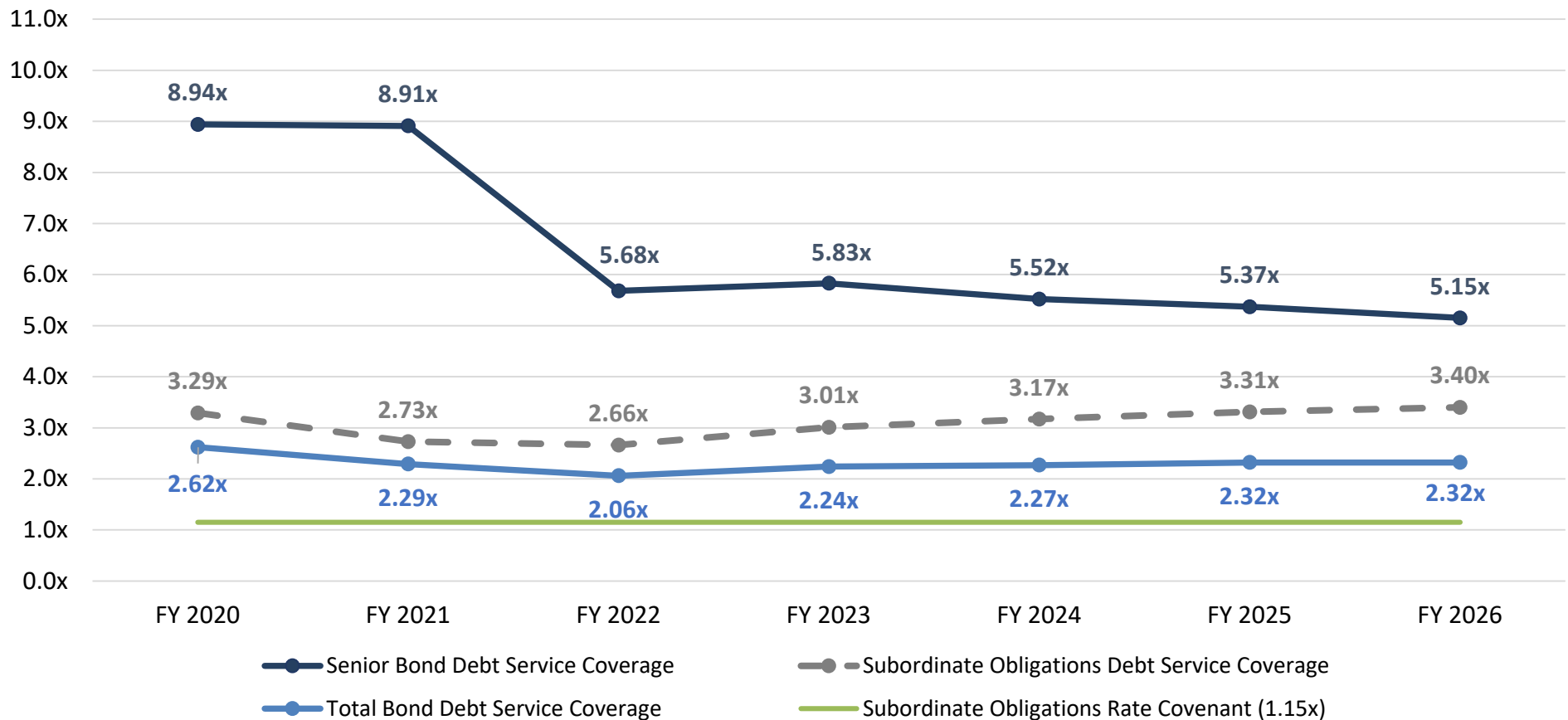
<sup>1</sup>Series 2020A Official Statement, Table 11 (Source: U.S. Department of Transportation, O&D Survey; Innovata schedules)

<sup>2</sup>Series 2020A Official Statement, Table 15 (Source: Historical, Department records. Forecast Growth Rates, ICF, September 2019)

# DEBT AND PROJECTED DEBT SERVICE COVERAGE<sup>1,2</sup>

- LAX has \$7.1 billion of debt outstanding with a final maturity of 2049<sup>3</sup>
- Growth in revenues is forecasted to offset higher debt levels
- Total debt service coverage is forecasted to remain above 2.0x

## Projected Debt Service Coverage

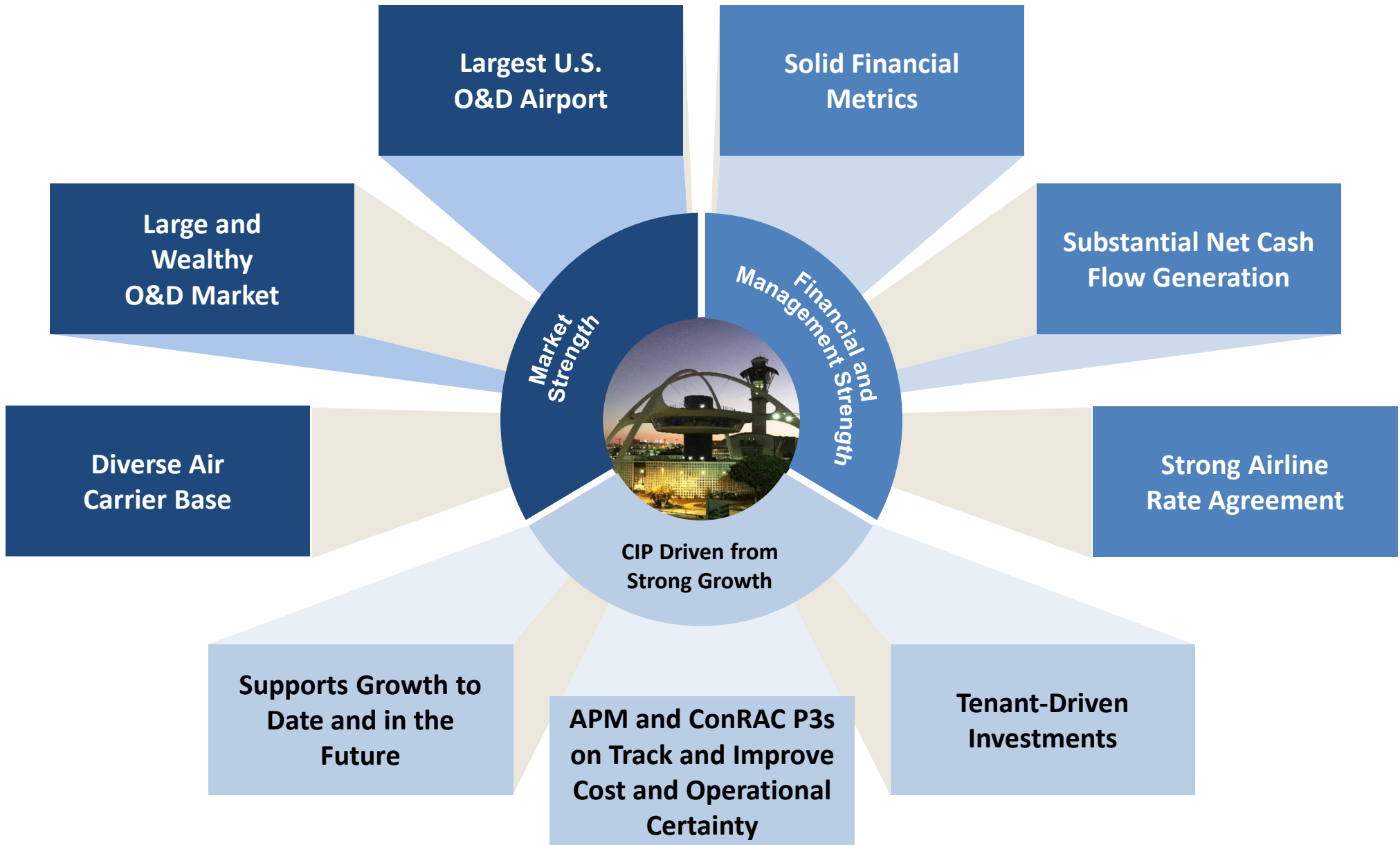


Note: Includes debt service on Senior Bonds, existing Subordinate Obligations, including the Series C and Series B Subordinate Commercial Paper Notes, and estimated debt service on the proposed Series 2019F Subordinate Bonds and Future Bonds. Debt service is net of capitalized interest, if any.

<sup>1</sup> Preliminary and subject to change

<sup>2</sup> Report of the Airport Consultant, Figure 3

<sup>3</sup> Does not include the issuance of the Series 2020A Senior Bonds and the partial refunding of the Series 2010A and Series 2010D Senior Bonds scheduled to close on March 11, 2020. Includes \$119.7 million in outstanding Commercial Paper Notes as of March 9, 2020



**Tatiana Starostina**  
Chief Financial Officer  
(424) 646-5251  
tstarostina@lawa.org

**Nerida Esguerra-Olivares**  
Director of Finance  
(424) 646-5253  
nesguerra@lawa.org

**LAWA Investor Relations:** <https://www.lawa.org/en/lawa-investor-relations>

Alina Slamar, (424) 646-5285, [aslamar@lawa.org](mailto:aslamar@lawa.org)  
Jennifer Wong, (424) 646-5261, [jenniferwong@lawa.org](mailto:jenniferwong@lawa.org)