



Seattle-Tacoma
International
Airport



SEA Update for PSBTA

7 October 2020

Agenda

- **Welcome**
- **Aviation Industry Update**
- **FlyHealthy@SEA**
- **Capital Projects Update**
- **Airport Dining & Retail Update**
- **Q&A**

Welcome

Kazue Ishiwata
Senior Manager, Air Service Development

James Jennings
Director, Aviation Business & Properties

Aviation Industry Update

Ian Sharma
Manager, Air Service Development

Focus Issues

SEA passenger market was very strong before the COVID-19 crisis

Seattle gained the second largest number of seats in the US since 2010 — 22 million seats, up 57.4% — and jumped from the 18th to the 8th busiest airport in the country

Airline industry responded by unprecedented capacity cuts

Significant reduction in capacity by carriers resulted in early retirement of older aircraft and delayed aircraft deliveries, which will have long-term effects on the market even after the crisis is over

Airlines' financial health remain distressed, but major US carriers are maintaining liquidity

Foreign flags face larger challenges particularly where government aid is limited

SEA has relative advantages as a hub for two carriers

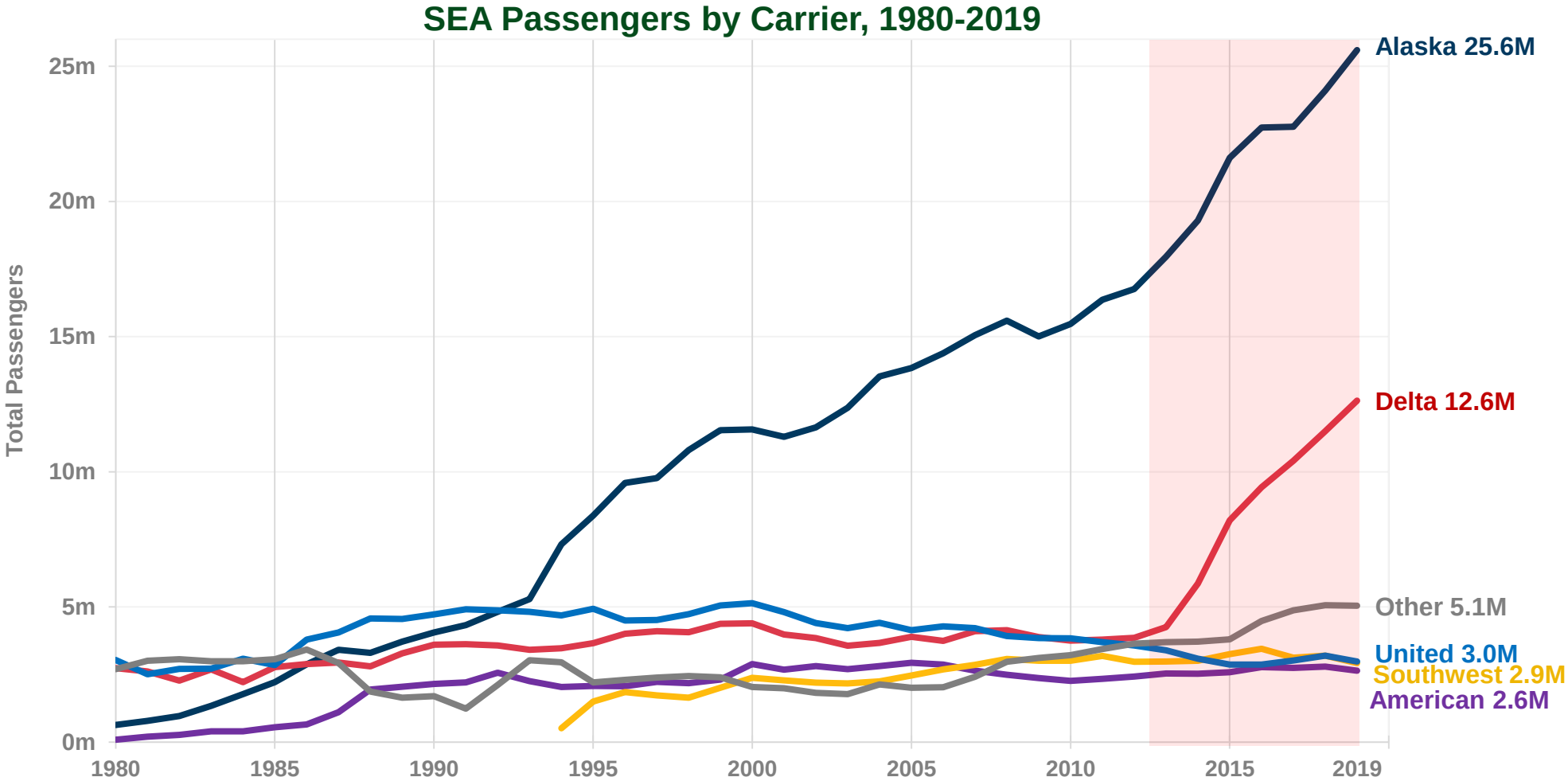
Carriers are required to operate efficient network structures by eliminating high-risk point-to-point routes

Potential scenarios and impact of new carrier alignment at SEA

As airlines “reset” their systemwide network, new competitive landscape at SEA may emerge with operational impacts

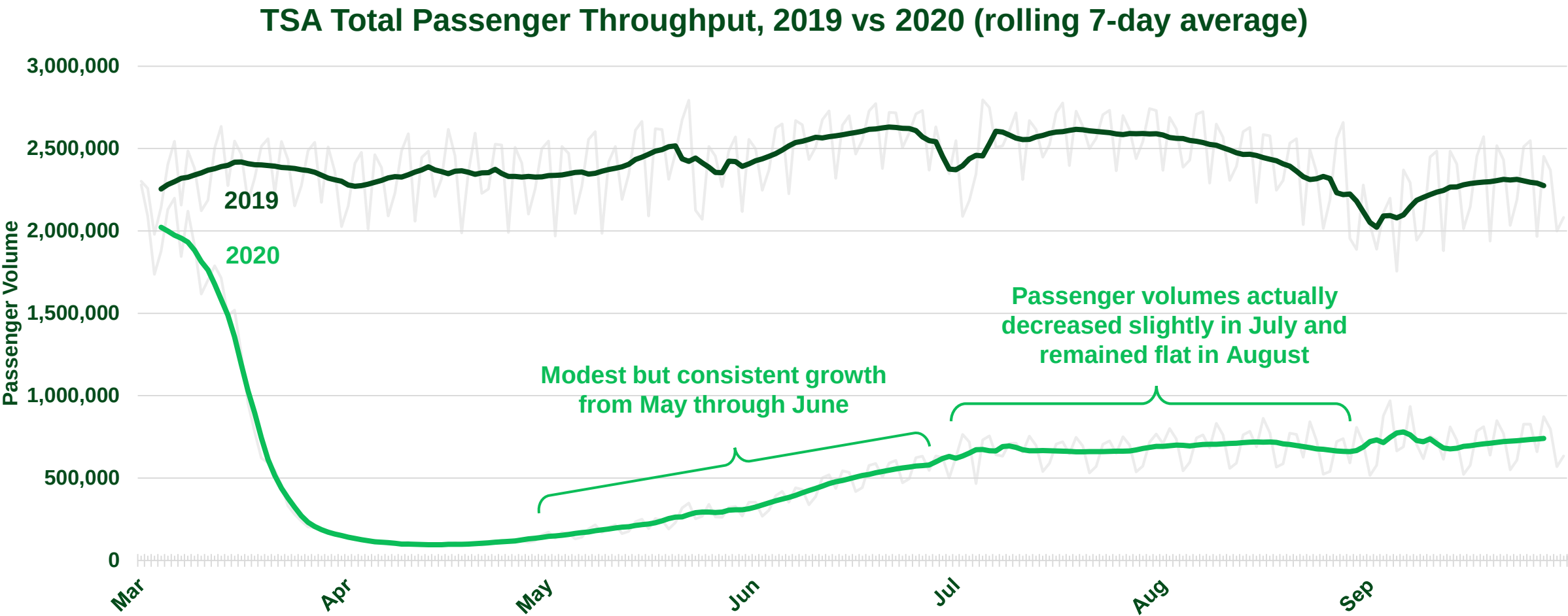
SEA has benefitted greatly from becoming a two-carrier hub

#	2010	2019
1.	ATL	ATL
2.	ORD	LAX
3.	LAX	ORD
4.	DFW	DFW
5.	DEN	DEN
6.	JFK	JFK
7.	IAH	SFO
8.	LAS	SEA
9.	SFO	LAS
10.	PHX	MCO
11.	CLT	YYZ
12.	MIA	CLT
13.	MCO	EWR
14.	EWR	PHX
15.	MSP	MIA
16.	DTW	IAH
17.	YYZ	BOS
18.	SEA	MSP
19.	PHL	DTW
20.	BOS	FLL



Legacy merged carriers are included in current carriers' numbers (e.g. Delta includes Northwest, United includes Continental)

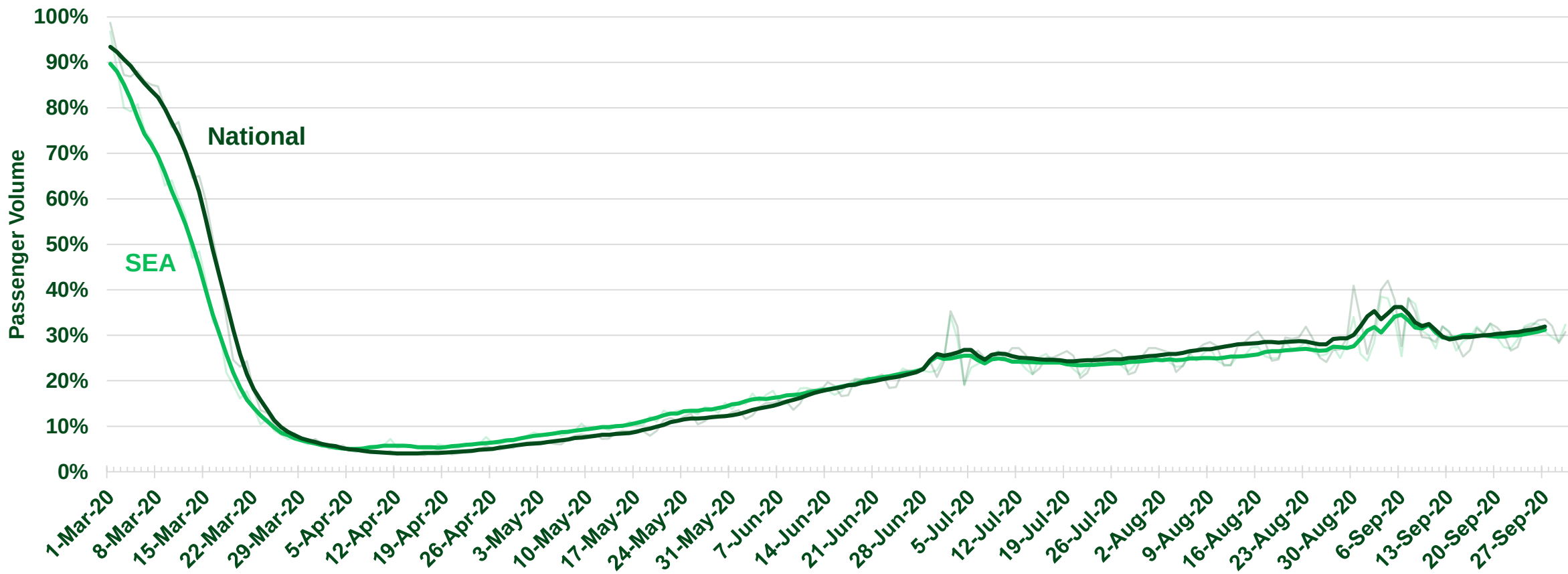
U.S. Passenger traffic began a slow recovery in May before plateauing in July



2019 dates adjusted to match same weekday as 2020
Source: TSA

SEA's TSA passenger volumes have mirrored the national average quite closely

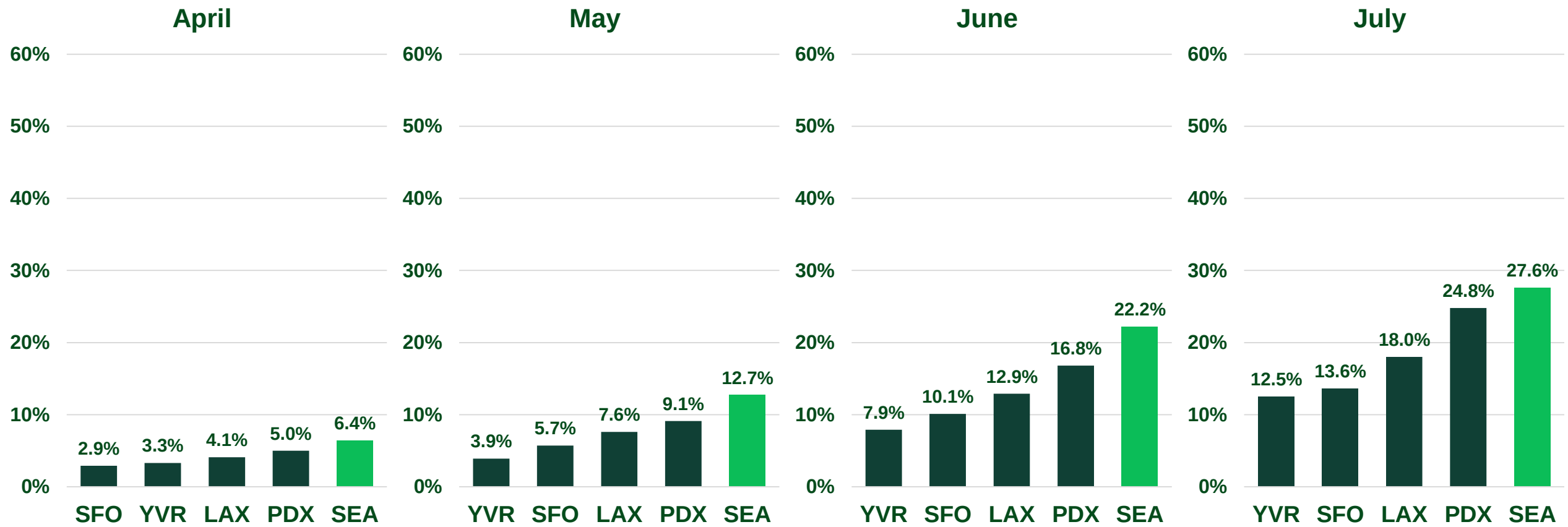
2020 TSA Throughput as % of 2019, SEA vs National



Source: TSA

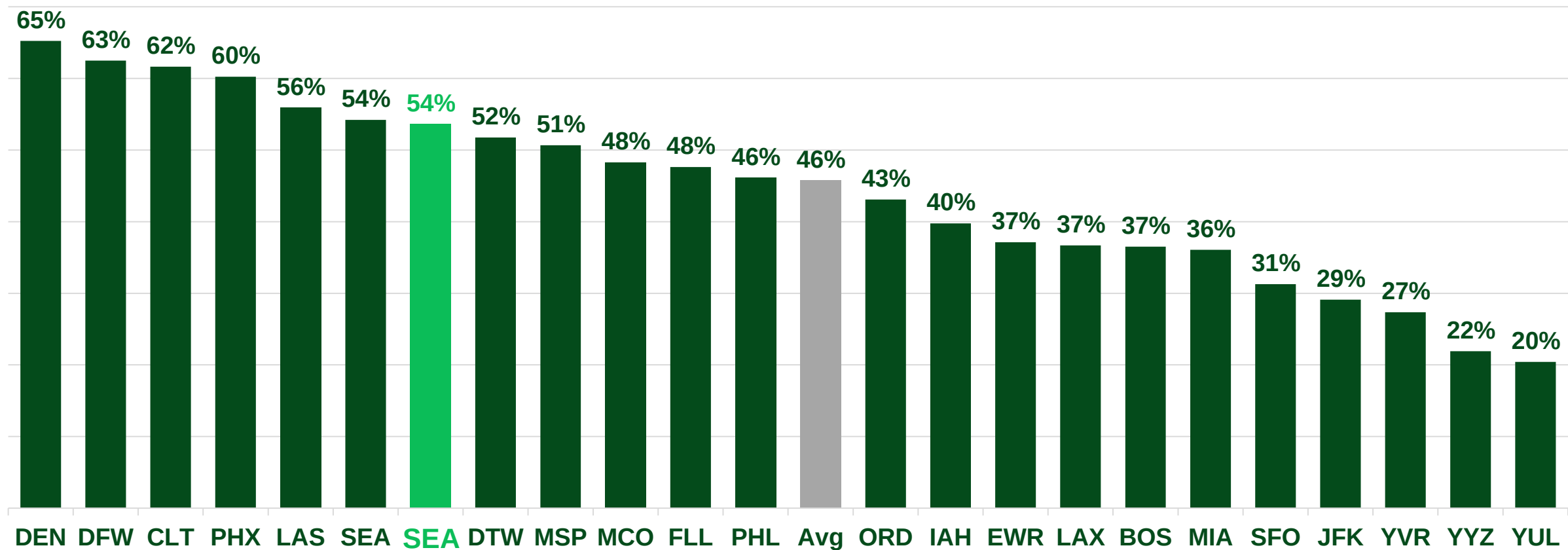
SEA has seen more passengers return than other West Coast airports

Percentage of 2019 Passengers



SEA's Capacity Recovery in Q3 was better than many other airports'

Percent of Q3 2019 Seats Operating in Q3 2020
Top 20 U.S. Airports plus Toronto, Montréal, and Vancouver

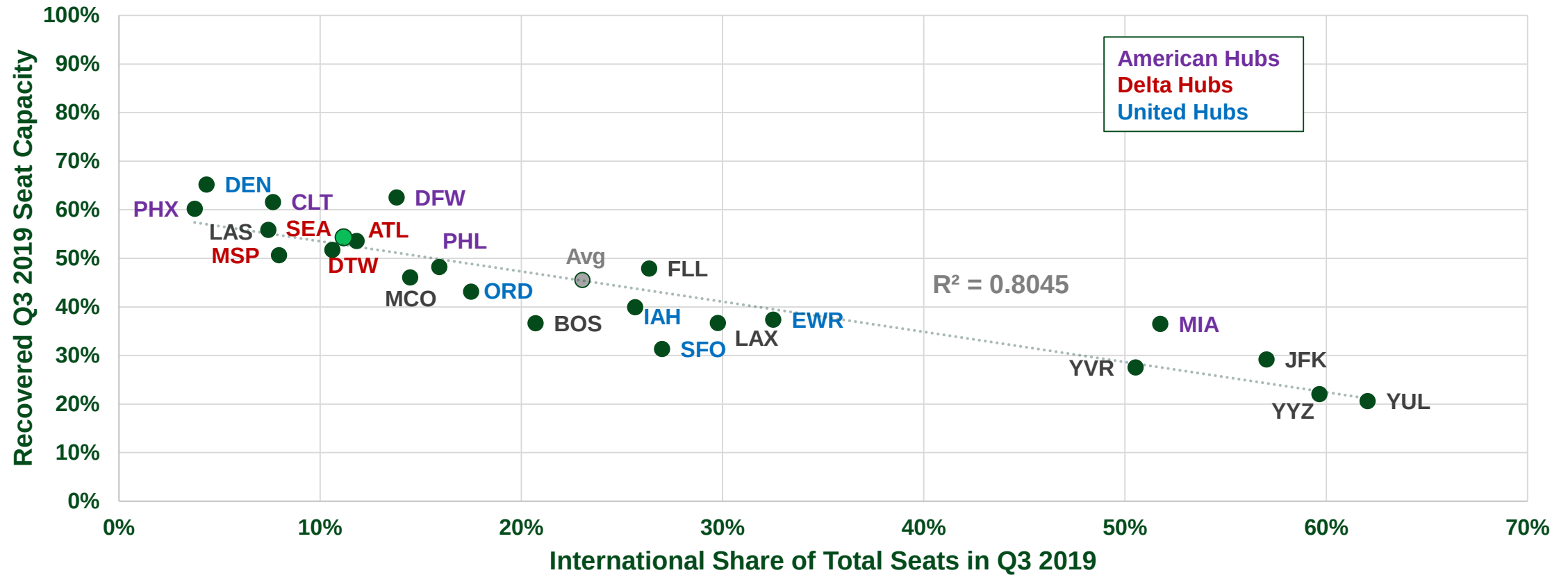


Source: Diio schedules

Recovery is correlated to proportion of international capacity

With some influences from individual carriers' strategies (AA most aggressive; UA most conservative)

Capacity Recovery (Percent of 2019 Seats) vs. 2019 Percent of International Seats
3rd Quarter



Source: Diio schedules

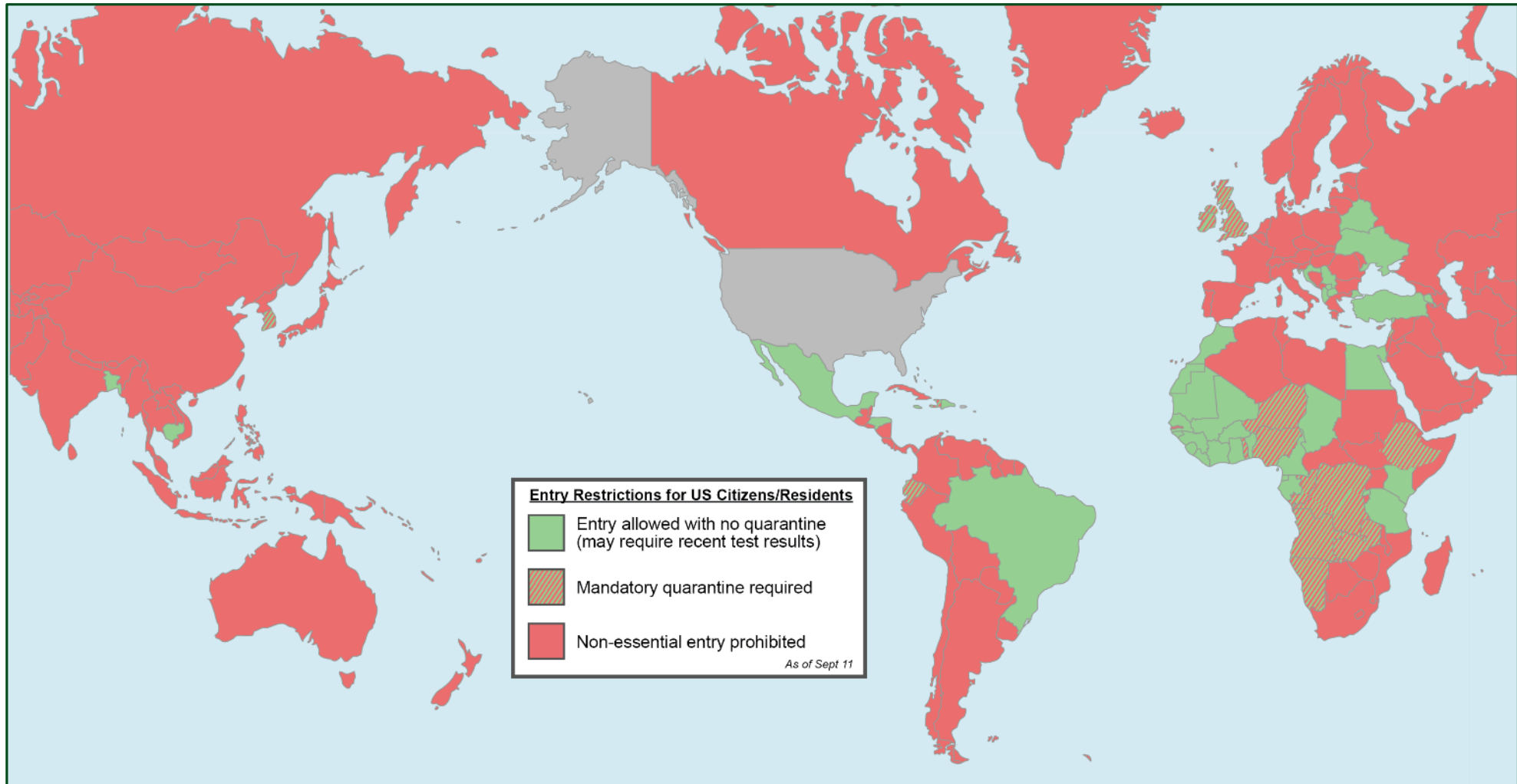
SEA's International flights are slowly returning, but remain hampered by travel restrictions

16 of 38[†] international flights that served SEA in Oct 2019 are currently flying

Asia		Canada		Mexico		Europe/Middle East	
Beijing	Delta	Calgary	Alaska	Cancun ^W	Alaska	Amsterdam	Delta
Beijing	Hainan	Calgary	Delta	Cancun ^W	Delta	Dubai	Emirates
Hong Kong	Cathay Pacific	Edmonton	Alaska	Guadalajara	Volaris	Dublin	Aer Lingus
Osaka ^S	Delta	Kelowna	Alaska	Los Cabos ^W	Alaska	Frankfurt	Condor
Seoul	Asiana	Toronto	Air Canada	Los Cabos ^W	Delta	Frankfurt	Lufthansa
Seoul	Delta	Vancouver	Air Canada	Mexico City	Aeromexico	London	British Airways
Seoul	Korean	Vancouver	Alaska	Puerto Vallarta ^W	Alaska	London ^S	Norwegian
Shanghai	Delta	Vancouver	Delta	Puerto Vallarta ^W	Delta	London	Virgin Atlantic
Shanghai	Hainan	Victoria	Alaska			Paris	Air France
Singapore	Singapore					Paris	Delta
Taipei	EVA					Reykjavik	Icelandair
Tokyo	ANA						
Tokyo	Delta						
Tokyo	Japan Airlines			^S Seasonal in summer only ^W Seasonal in winter only			

[†] Does not include scheduled flights that never launched due to COVID, services discontinued prior to COVID-19, or winter seasonal flights that had not yet started for the season in Oct 2019 (Alaska service to Los Cabos and Puerto Vallarta began in October; other winter seasonal flights began in Nov). Icelandair briefly resumed in August before re-suspending service.

Travel restrictions continue to depress international demand, especially for Americans



A changing landscape at SEA: American and Alaska

Alaska's membership in oneworld will create strong ties with American and the other 12 alliance airlines

- American is leveraging its closer partnership with Alaska and will make SEA the focus of its new west coast international alliance (sound familiar?)
- Seattle – Bangalore will be the first second flight between India's IT/technology capital and North America. More than half of the passengers are expected to be connecting in SEA to/from AA or AS

CANCELED

Los Angeles – Beijing
Los Angeles – Buenos Aires
Los Angeles – Hong Kong
Los Angeles – São Paulo
Los Angeles – Shanghai



ANNOUNCED

Seattle – Bangalore
Seattle – London
Seattle – Shanghai*



* Pending government approval

Recovery factors status check for September/October

Sept/Oct 2020 Trend / Developments	
 Mitigation of the pandemic	 Cases are lower than July peak but remained persistently high through Sep, led by regional spikes. Continued fears of a potential spike in winter months
 Return of consumer confidence in air travel	 Confidence in travel to leisure destinations seems to be trending upwards, albeit slowly.
 Relaxation of travel/border restrictions	 U.S. citizens still face entry prohibitions to most major markets including EU+, Australia, Canada, China, and India
 Depth of economic recession	 Summer resurgence halted initial recovery, now proceeding much more slowly. Political impasse(s) not helping.
 Restoration of capacity	 Very little new capacity expected to be added heading into winter months

Challenges: the travel industry will fundamentally change, potentially impacting our timeline to recover pre-crisis traffic volume



Many sectors of the industry will face prolonged financial distress

Reduced demand for travel over next several years will affect all aspects of the travel and tourism industry: hotels, rental cars, restaurants, entertainment venues, etc.



Airline networks will likely be smaller

Many of the world's largest carriers have already said they will be smaller post-crisis. Early retirement of older aircraft types and delayed aircraft deliveries will shrink airline fleets.



Changing preferences for leisure travel?

Will there be a more permanent preference for local/regional/domestic leisure travel as opposed to long-haul? Will driving become preferable over flying for short/medium-distance travel?



Fundamental shift in business travel?

Advances in communication tools have potential to curb business travel volumes going forward...but to what degree remains unknown.

Opportunities: SEA is well-positioned for recovery and will likely be less affected than many other U.S. airports



Resilient local business market

Major employers like Microsoft and Amazon are doing well through the crisis and have historically generated significant travel volumes



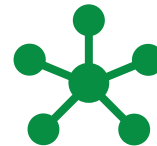
Attractiveness as a destination

Despite the cancellation of the cruise season, Seattle could benefit from an uptick in domestic leisure travel with a focus on the outdoors (i.e. not crowded cities or theme parks). Fly-and-drive trips likely to become more popular



Large foreign-born population

Pent-up demand to reconnect with distant family will make this segment one of the first to return



Hub for two strong airlines

Generally, hubs will do better as airlines focus on connectivity, followed by resumption of point-to-point routes

What's new at SEA?

FlyHealthy@SEA and Capital Projects

Julie Collins
Director, Customer Experience

PSBTA Lunch – January 22

Today's Update:

- Responding to COVID-19
- State of SEA
- Current Focus – Looking Ahead
- Advancing Construction:
 - International Arrivals Facility
 - North Satellite Modernization
- Pursuing Best Practices



Two thick, curved green lines sweep across the slide. One is a light lime green and the other is a vibrant green, both curving from the top right towards the bottom left.

COVID-19 Response:

FlyHealthy@SEA

Airport Recovery Goals: A Multi-Layered Approach

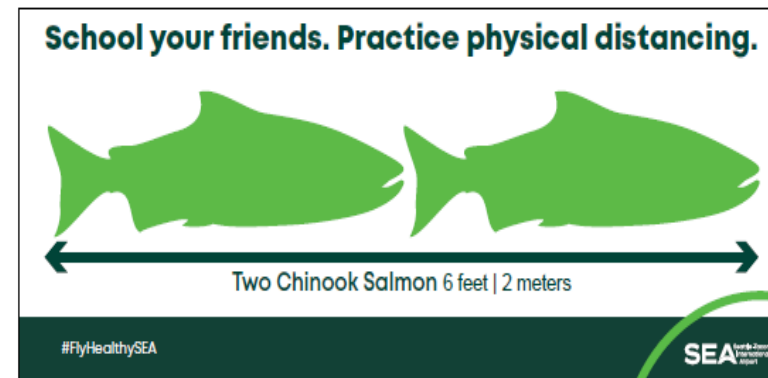
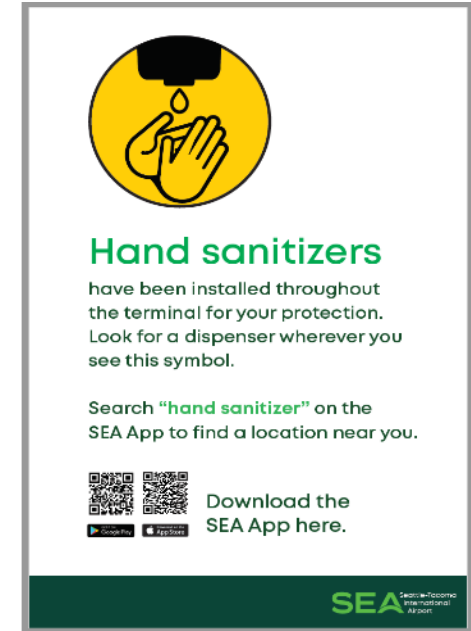
- **Maintain a safe, healthy airport environment**
- Restore confidence in air travel
- Renew enthusiasm for travel
- Return passenger volumes and economic vitality
- Position for future public health emergencies



FlyHealthy@SEA: A Multi-Layered Approach

Initial Actions:

- Enhanced cleaning
- Physical Distancing
 - Common areas, gate hold rooms
- Communication
- Partner collaboration



Restoring Customer Confidence



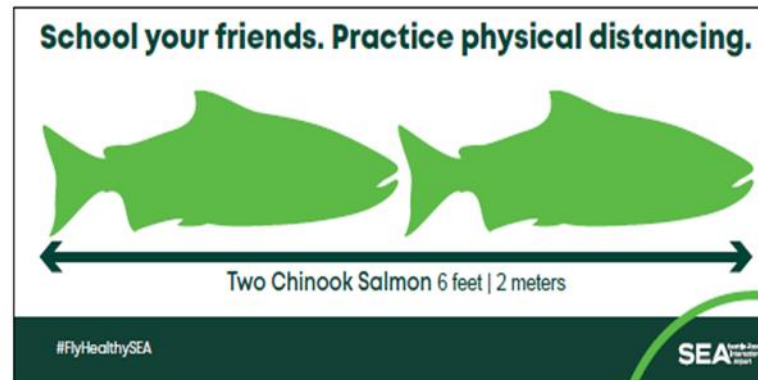
250+ HAND SANITIZERS



9,500+ FACE MASK CARE KITS



200+ PROTECTIVE BARRIERS



8,000 Signs & Reminders



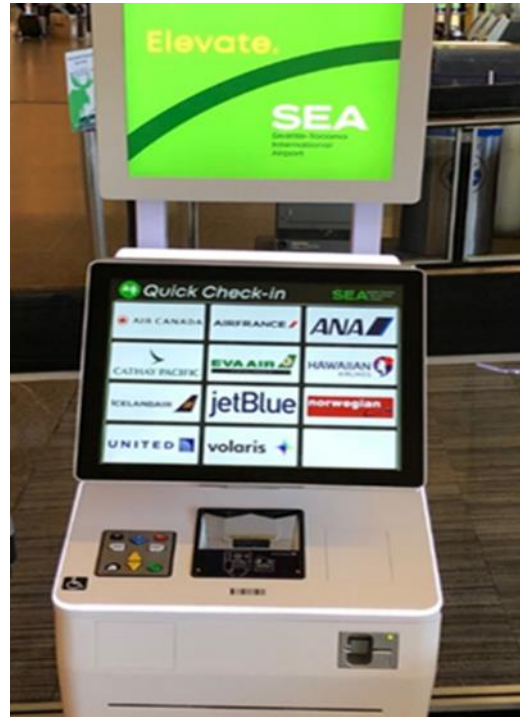
FREQUENT SANITATION

Current Focus – Looking Ahead

Current Focus



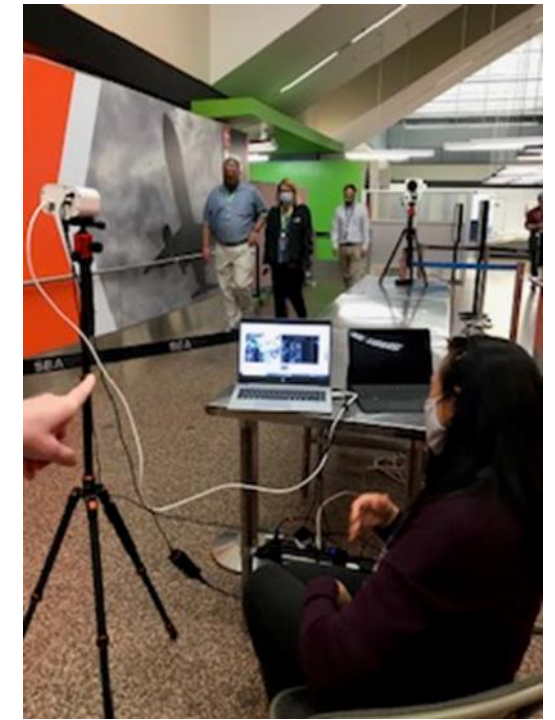
New Cleaning Tools



Touchless Technology



Improving Choke Points



Health Screenings & Services

SEA Health Screening Considerations

Part of a multi-layered approach to restore customer confidence

- **Temperature Checks:** Delta “proof of concept” testing at CP2; Running for 3 weeks in October; Port-loaned equipment, Delta contracted staffing. Builds on results from Port’s temperature check testing in July
- **COVID-19 Tests:** Customers are seeking COVID rapid tests at SEA (especially to avoid a quarantine); may be particularly important in restoring international services
- Emerging rapid result technology makes this a more viable option for airports



COVID-19 Test Concepts at SEA

Exploring the feasibility of securing a vendor(s) who would offer COVID-19 tests:

Two-Prongs:

1. **Special Populations:** Working on a lease with a vendor to conduct molecular diagnostic testing using PCR (e.g. fishing industry workers going to Alaska, military members and families traveling by charter, passengers flying to Hawaii)
2. **General Passengers:** Pursuing a direct lease with a vendor who can offer affordable, COVID-19 rapid tests to passengers, with scalable capability to offer to airport-wide employees

Staff is currently assessing business terms, operational needs and legal considerations with potential vendors

Advancing Construction

International Arrivals Facility

- Planned to open early 2021
- International flights will arrive on both South Satellite and A Concourse, with all passengers clearing immigration/customs in a brand-new, spacious facility
- Streamlined bags-first process means passengers will only need to queue once



Before



After



IAF Bridge as of Oct 1, 2020



International Arrivals Facility



International Arrivals Facility

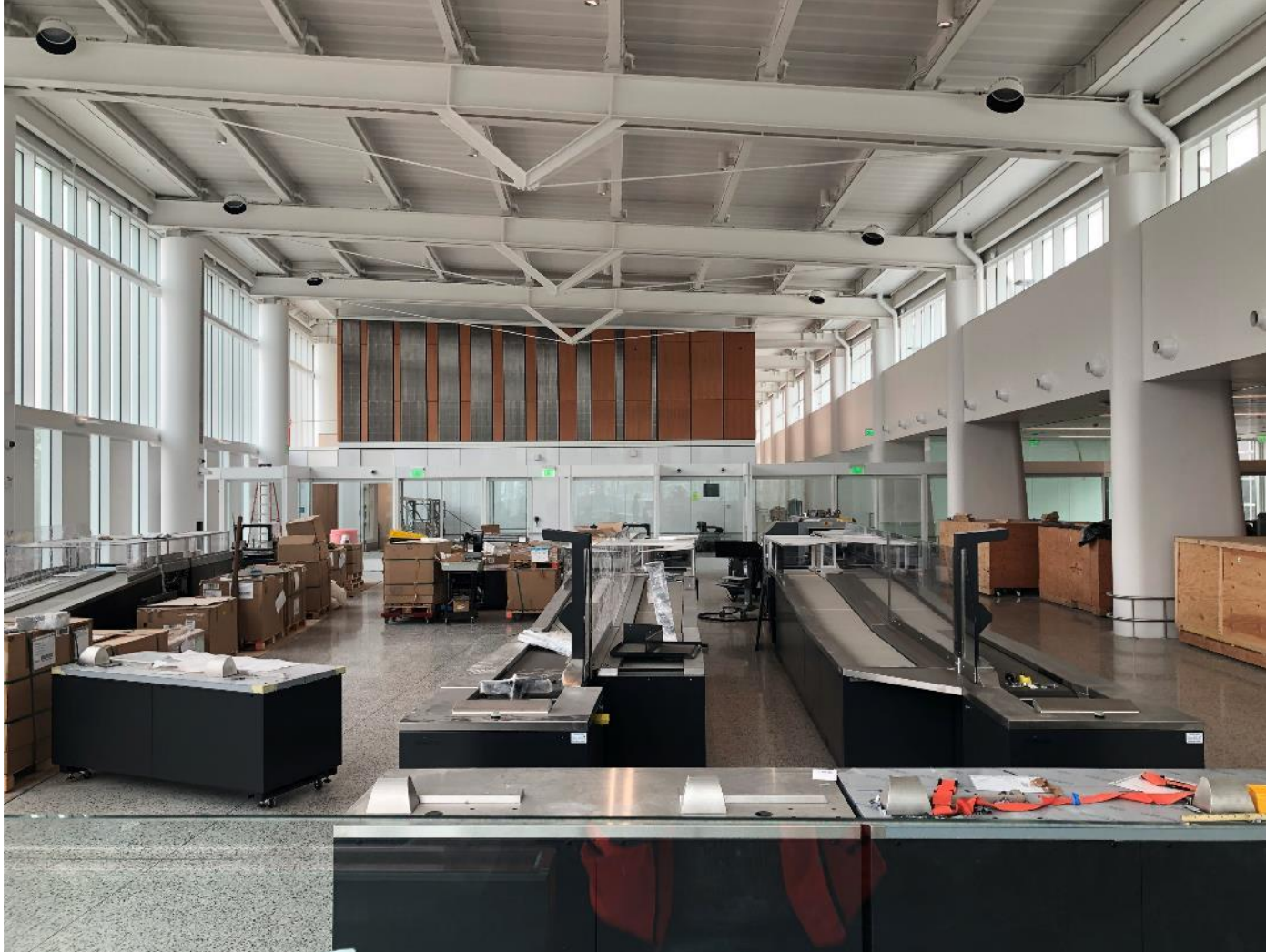
January 8, 2020



September 17, 2020



International Arrivals Facility



North Satellite Modernization



North Satellite Modernization (September)



Pursuing Best Practices

FlyHealthy@SEA Action Plan

- Five strategies, with clear actions and milestones:
 - Adapt Facilities
 - Communicate: Crisis to Confidence
 - Deploy Innovative Products & Procedures
 - Drive Policy Developments
 - Embrace the Unknown
- Captures accomplishments, work underway and proactive look ahead to tackle “what ifs”
- Posted on FlySEA.org



Best Practices

- SEA has completed the rigorous ACI Health Accreditation process; comprehensive evaluation of all aspects of airport recovery work (e.g. adapting terminals, signage, communication, cleaning, etc.)
- First U.S. west coast airport to receive this distinction
- ACI asked to use our application as a model for other U.S. airports



Airport Dining & Retail Updates

Dawn Hunter
Director, Aviation Commercial Management

Dining & Retail

Airport Dining & Retail

- 88% of dining and retail tenants are reopen! Two-thirds were temporarily closed during the worst days.

Lounges at SEA

- Club at SEA (South Satellite) is reopen and recently refreshed and refurbished.
- Alaska reopened its Concourse D and N lounges 8/1.
- American Express Centurion lounge reopened 10/5.





Questions?

Thank you!



Seattle-Tacoma
International
Airport

Operated by the
Port of Seattle

FlySEA.org

