

MARKET POSITION AND OUTLOOK

SOUTHWEST OREGON REGIONAL AIRPORT ▪ MAY 2024

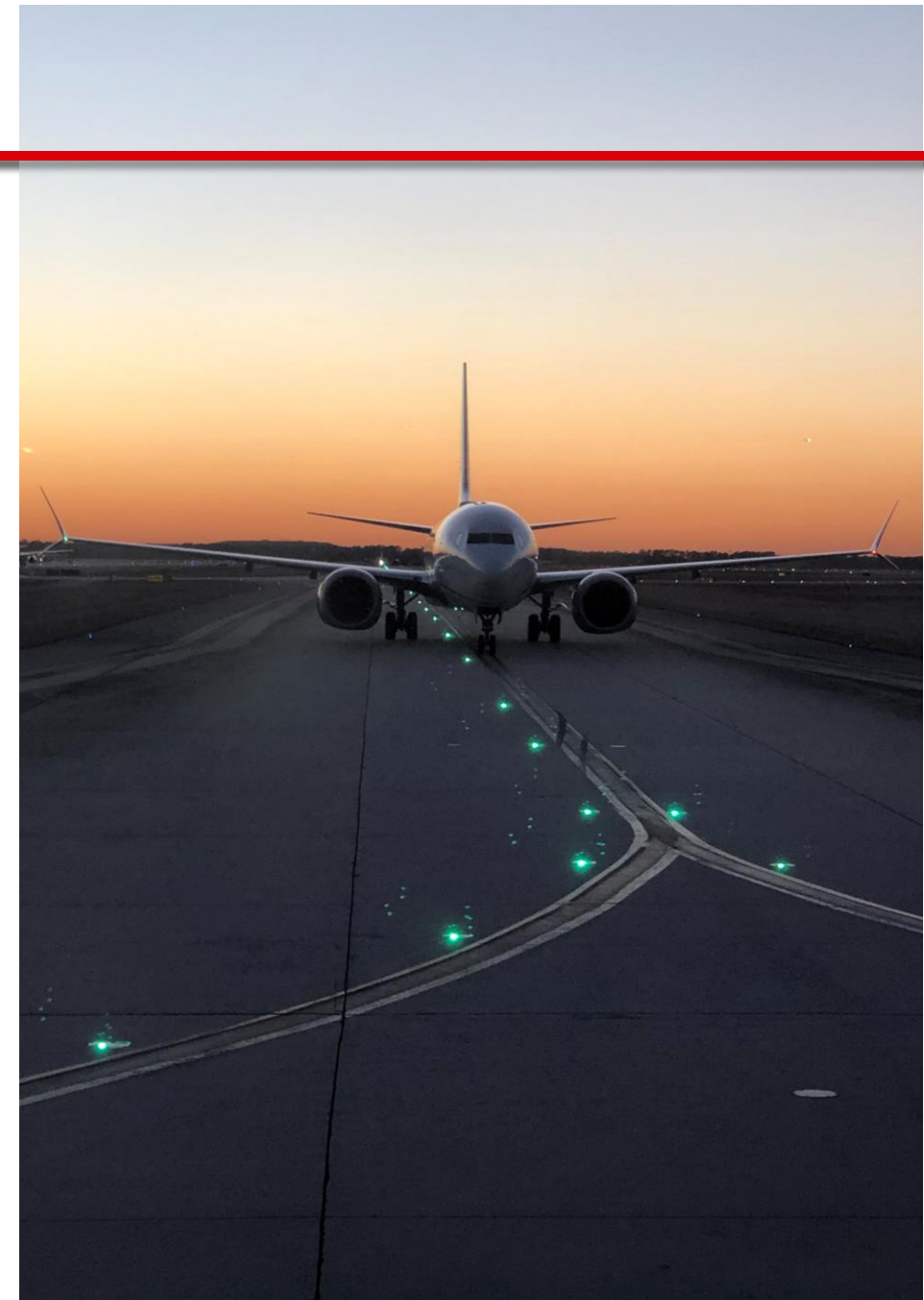




TEN TEAM MEMBERS
200+ YEARS COMBINED EXPERIENCE
15 YEARS OF EXPERIENCE AT OTH

AGENDA

- > **OTH TODAY**
 - > AIR SERVICE PERFORMANCE
 - > PEER COMPARISONS
 - > SERVICE RELIABILITY
 - > MARKET POTENTIAL
- > **INDUSTRY HEADWINDS**
 - > PILOT SHORTAGE
 - > INCREASING COST OF SERVICE
 - > INDUSTRY CONSOLIDATION
- > **AIR SERVICE OUTLOOK**
 - > NATIONAL AIR SERVICE NETWORK
 - > TOP RECRUITMENT TARGETS
 - > COMPETITIVE LANDSCAPE



TOPIC ONE

OTH TODAY



NORTH BEND/COOS BAY AIR SERVICE

SOUTHWEST OREGON REGIONAL AIRPORT SERVICE

JULY 2024, AS OF MAY 2024



- > SFO DAILY
- > DEN TWICE PER WEEK
- > ALL ERJ175

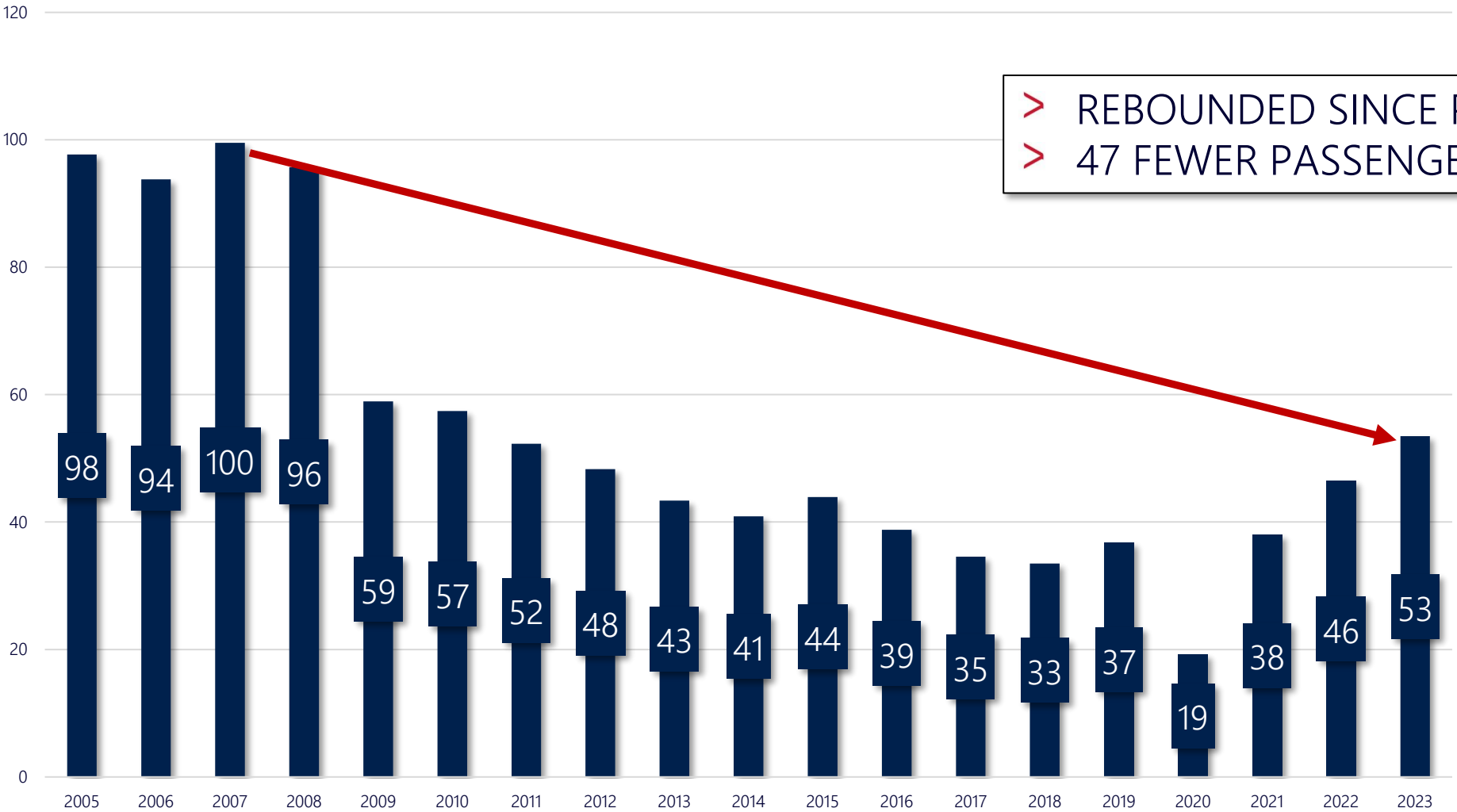
- > CAPACITY UP 36% FROM 2019



OTH PASSENGERS AT HALF OF HISTORIC AVERAGE

SOUTHWEST OREGON REGIONAL AIRPORT PASSENGERS PER DAY EACH WAY (PDEW)

CALENDAR YEAR 2005 – CALENDAR YEAR 2023

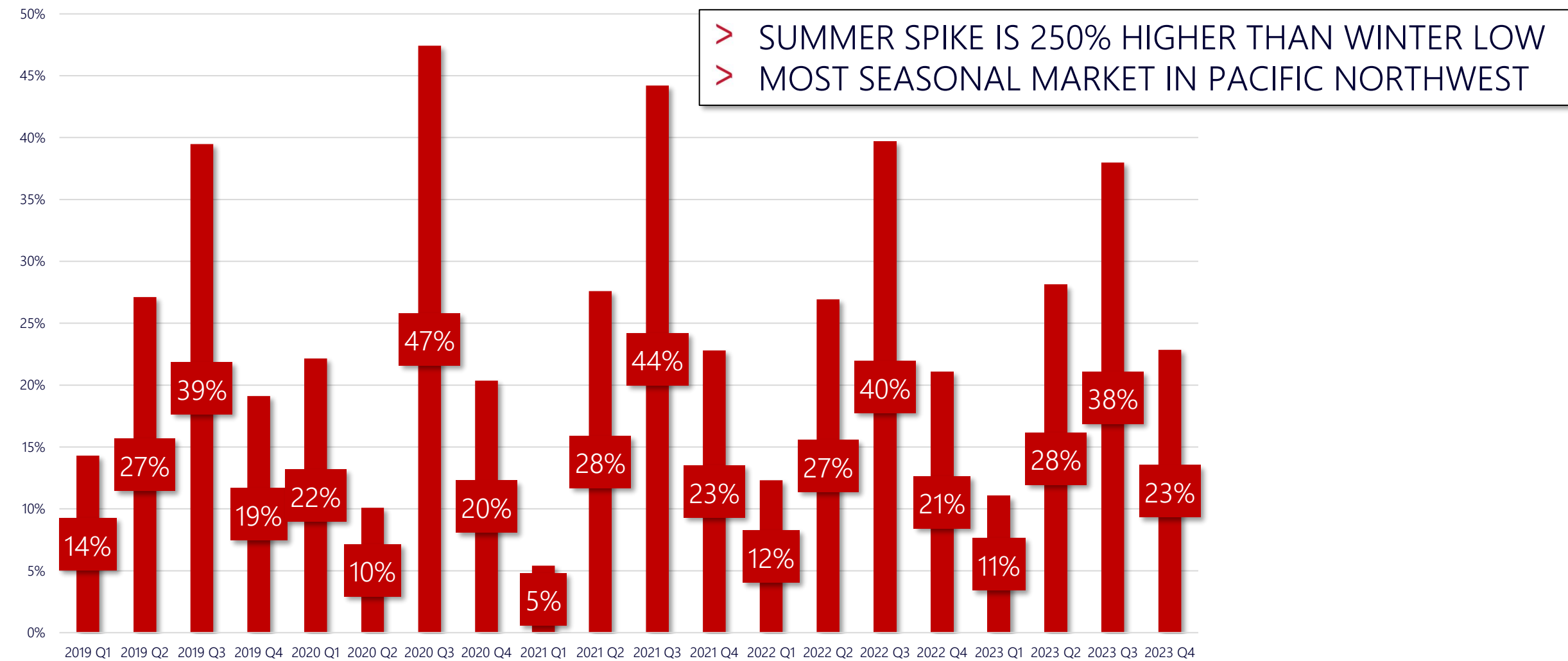


> REBOUNDED SINCE PANDEMIC
> 47 FEWER PASSENGERS/DAY THAN 2007

OTH PASSENGERS ARE HIGHLY SEASONAL

SOUTHWEST OREGON REGIONAL AIRPORT SHARE OF PASSENGERS BY QUARTER

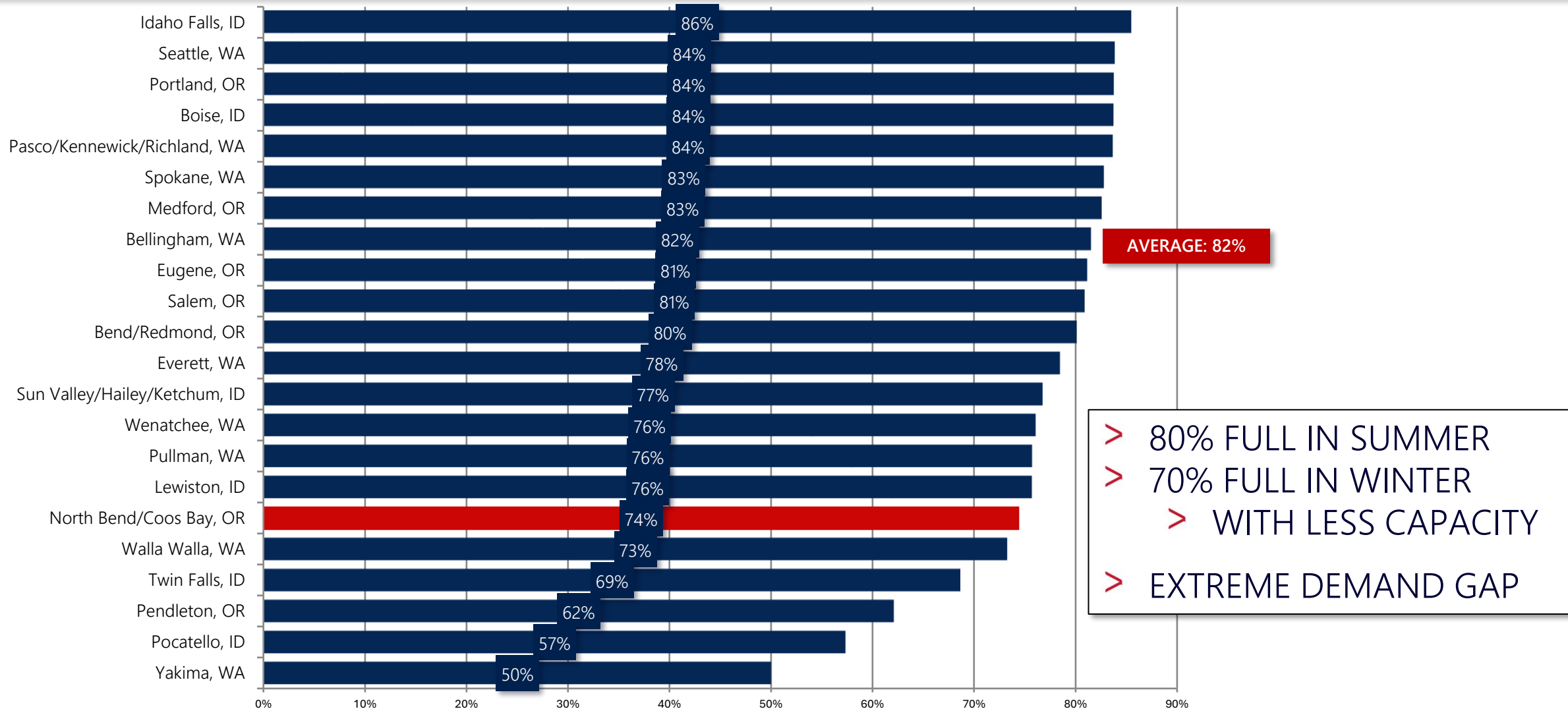
FIRST QUARTER 2019 – FOURTH QUARTER 2023



26% OF OTH SEATS LEAVE EMPTY

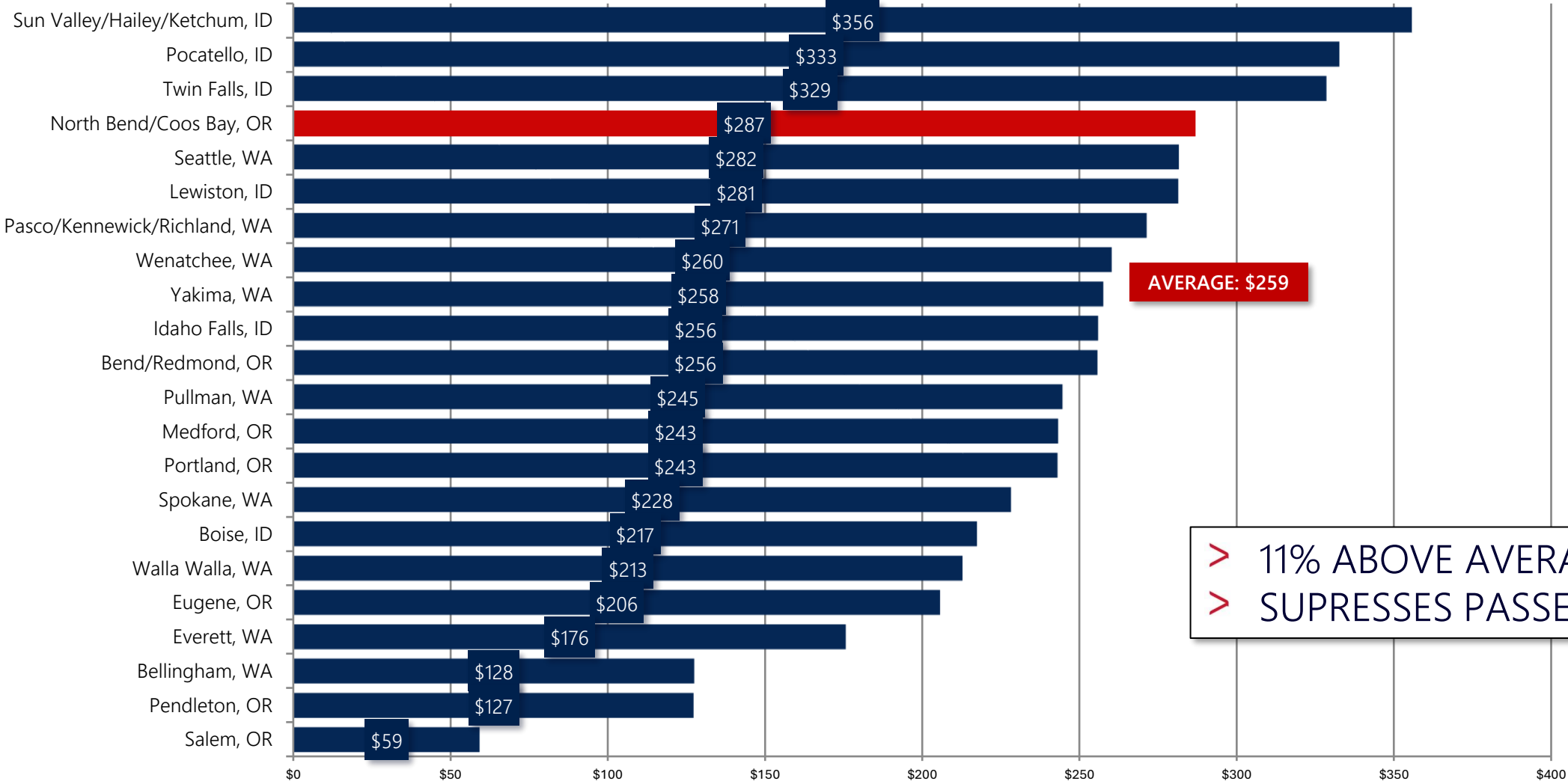
LOAD FACTOR IN PACIFIC NORTHWEST MARKETS

CALENDAR YEAR 2023



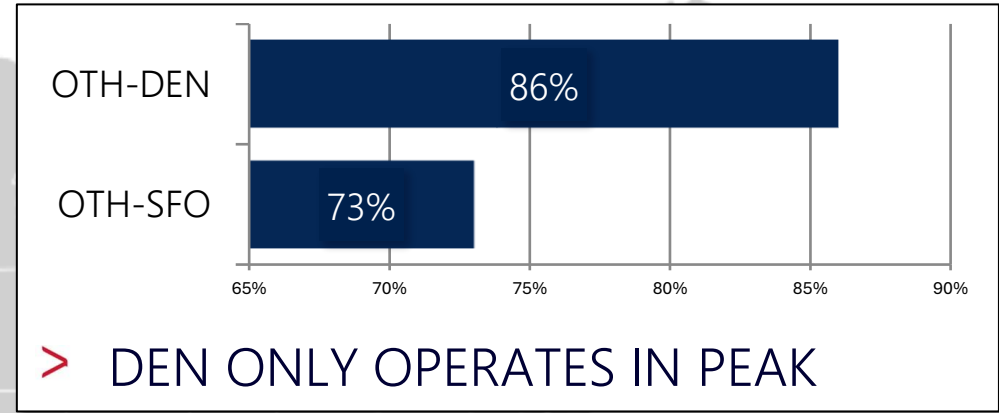
OTH IS ONE OF THE MOST EXPENSIVE AIRPORTS

AVERAGE ONE WAY FARE IN PACIFIC NORTHWEST MARKETS CALENDAR YEAR 2023



DENVER RUNS NEARLY FULL

LOAD FACTOR IN UNITED'S NONSTOP SOUTHWEST OREGON REGIONAL AIRPORT MARKETS
CALENDAR YEAR 2023, AS OF MAY 2024

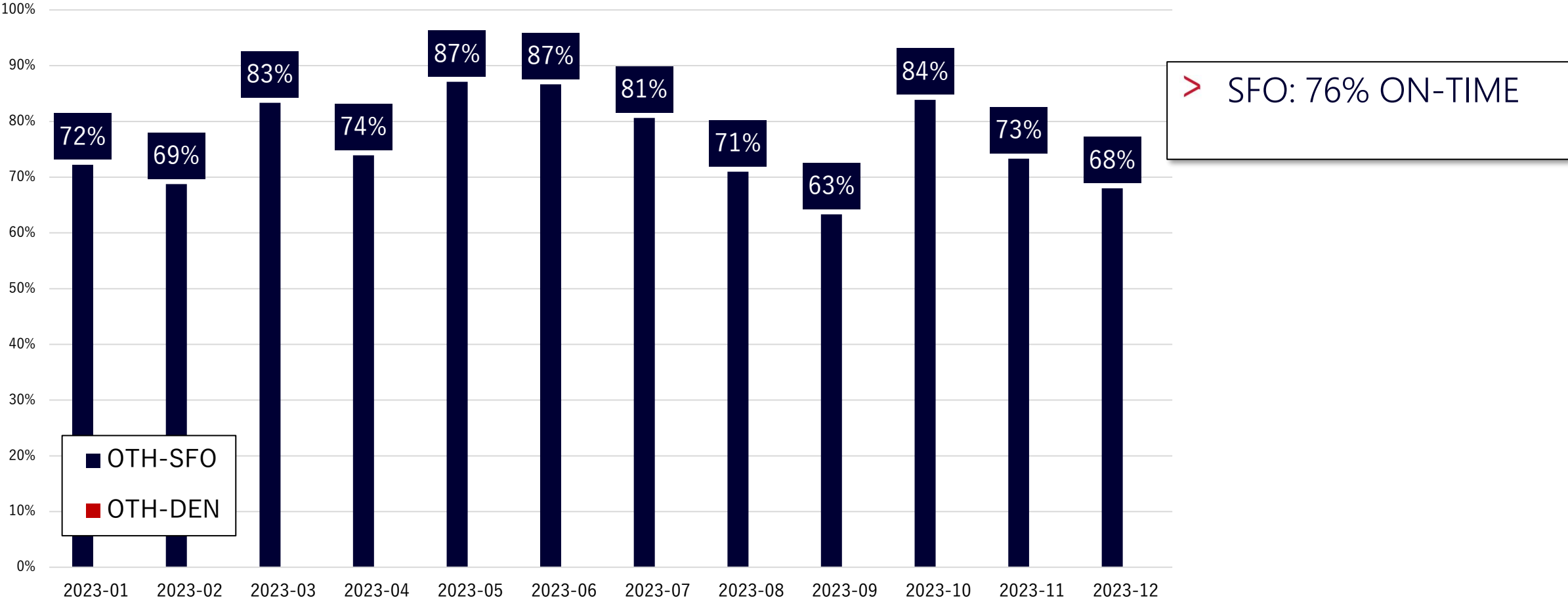


> DEN ONLY OPERATES IN PEAK



PERCEPTION THAT FLIGHTS ARE UNRELIABLE

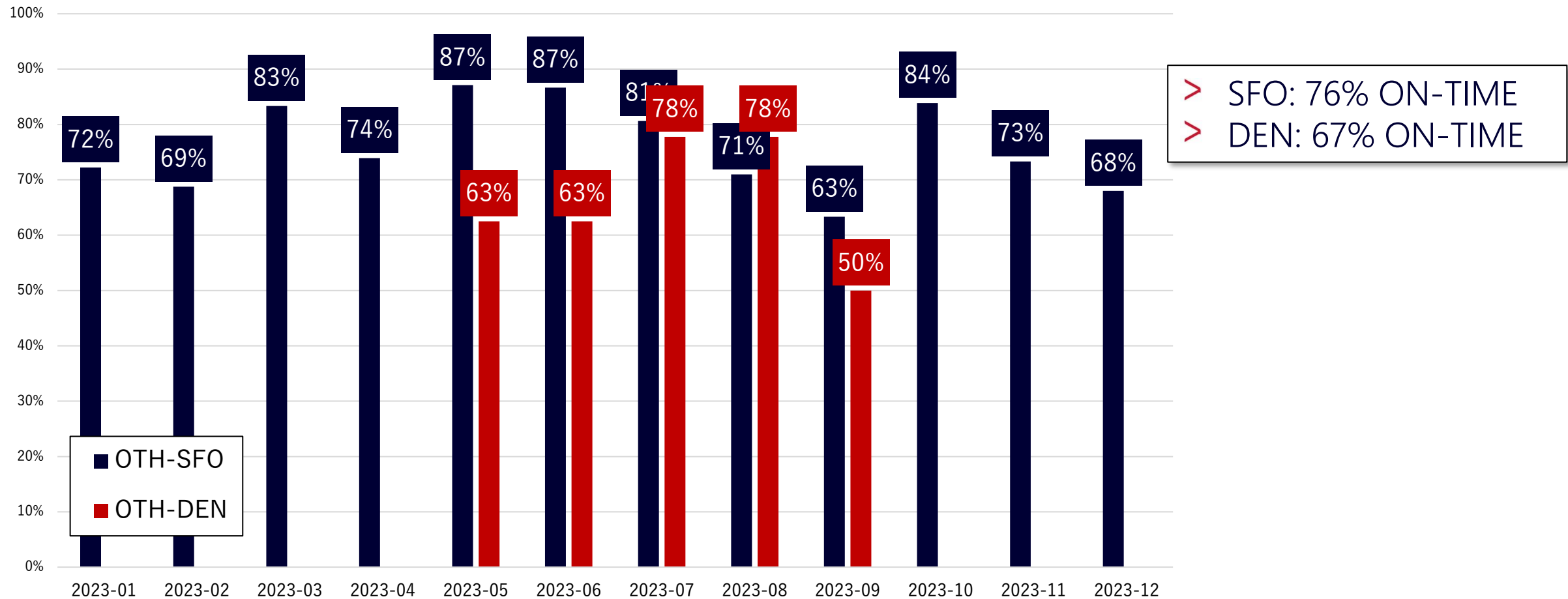
ON-TIME PERCENTAGE BY MONTH AND NONSTOP ROUTE, SOUTHWEST OREGON REGIONAL AIRPORT
JANUARY 2023 – DECEMBER 2023



PERCEPTION THAT FLIGHTS ARE UNRELIABLE

ON-TIME PERCENTAGE BY MONTH AND NONSTOP ROUTE, SOUTHWEST OREGON REGIONAL AIRPORT

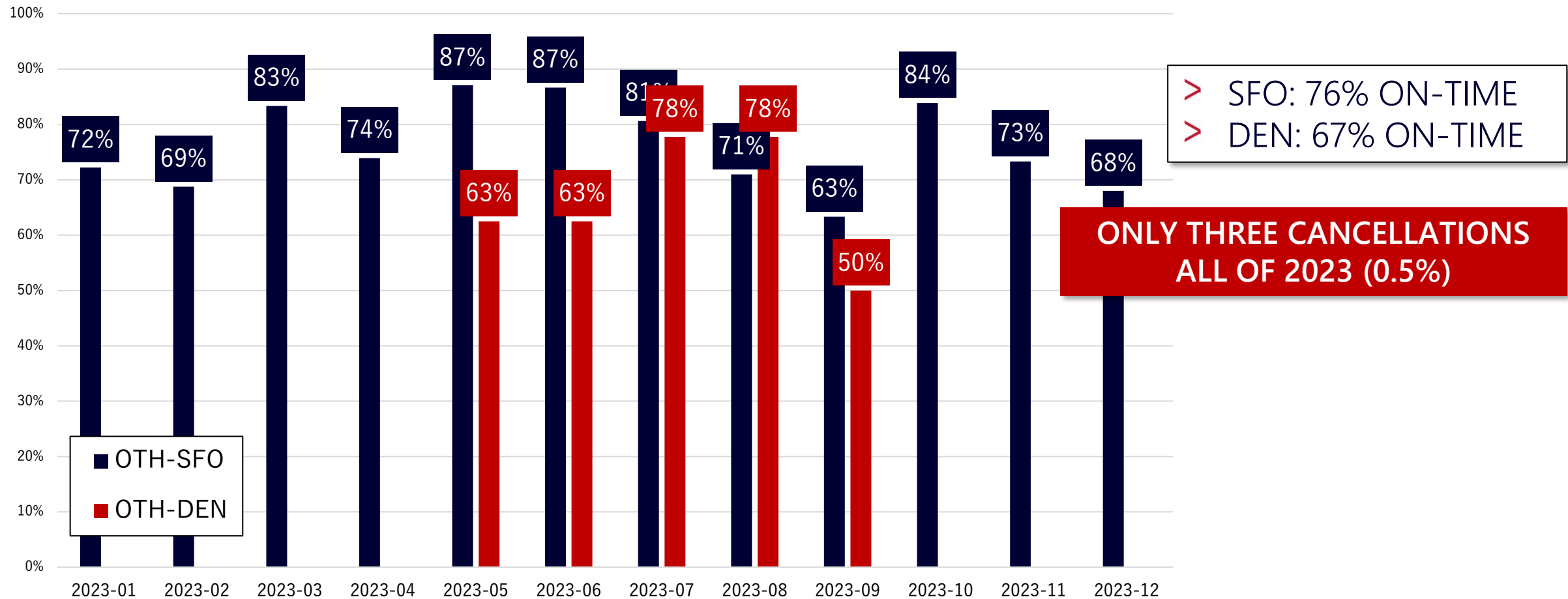
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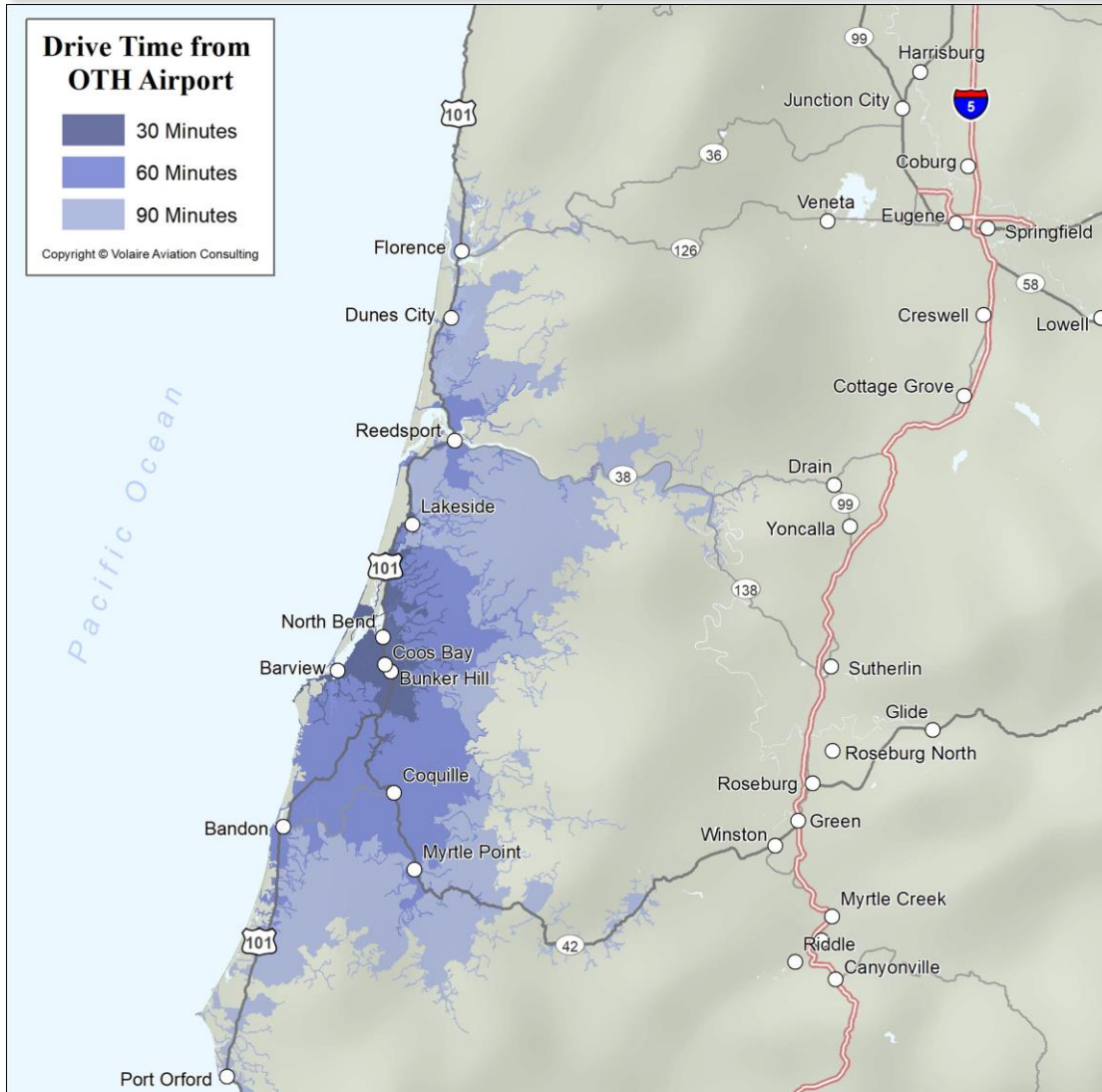
JANUARY 2023 – DECEMBER 2023



OTH IS ISOLATED AND HAS STRONG POTENTIAL

POTENTIAL SOUTHWEST OREGON REGIONAL AIRPORT CATCHMENT AREA

AS OF MAY 2024



> ONLY AIRPORT ALONG 600 MILES OF COAST

> 112,000 WITHIN 90 MINUTE DRIVE

> 65,000 IN MICROPOLITAN AREA

> GEOGRAPHY MAKES DRIVING DIFFICULT

OTH CAN SUPPORT MORE SERVICE

POTENTIAL PASSENGERS AT SOUTHWEST OREGON REGIONAL AIRPORT BASED ON POPULATION
CALENDAR YEAR 2022 (CENSUS DATA) AND CALENDAR YEAR 2023 (US DOT DATA)

AVERAGE NON-HUB AIRPORT:
2.5 PASSENGERS PER CAPITA



OTH CAN SUPPORT MORE SERVICE

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NORTH BEND/COOS BAY AREA:
65,000 RESIDENTS



OTH CAN SUPPORT MORE SERVICE

POTENTIAL PASSENGERS AT SOUTHWEST OREGON REGIONAL AIRPORT BASED ON POPULATION

CALENDAR YEAR 2022 (CENSUS DATA) AND CALENDAR YEAR 2023 (US DOT DATA)

AVERAGE NON-HUB AIRPORT:
2.5 PASSENGERS PER CAPITA

NORTH BEND/COOS BAY AREA:
65,000 RESIDENTS

- > 162,500 ANNUAL PASSENGERS
- > 223 PASSENGERS PER DAY EACH WAY
- > 170 MORE THAN TODAY



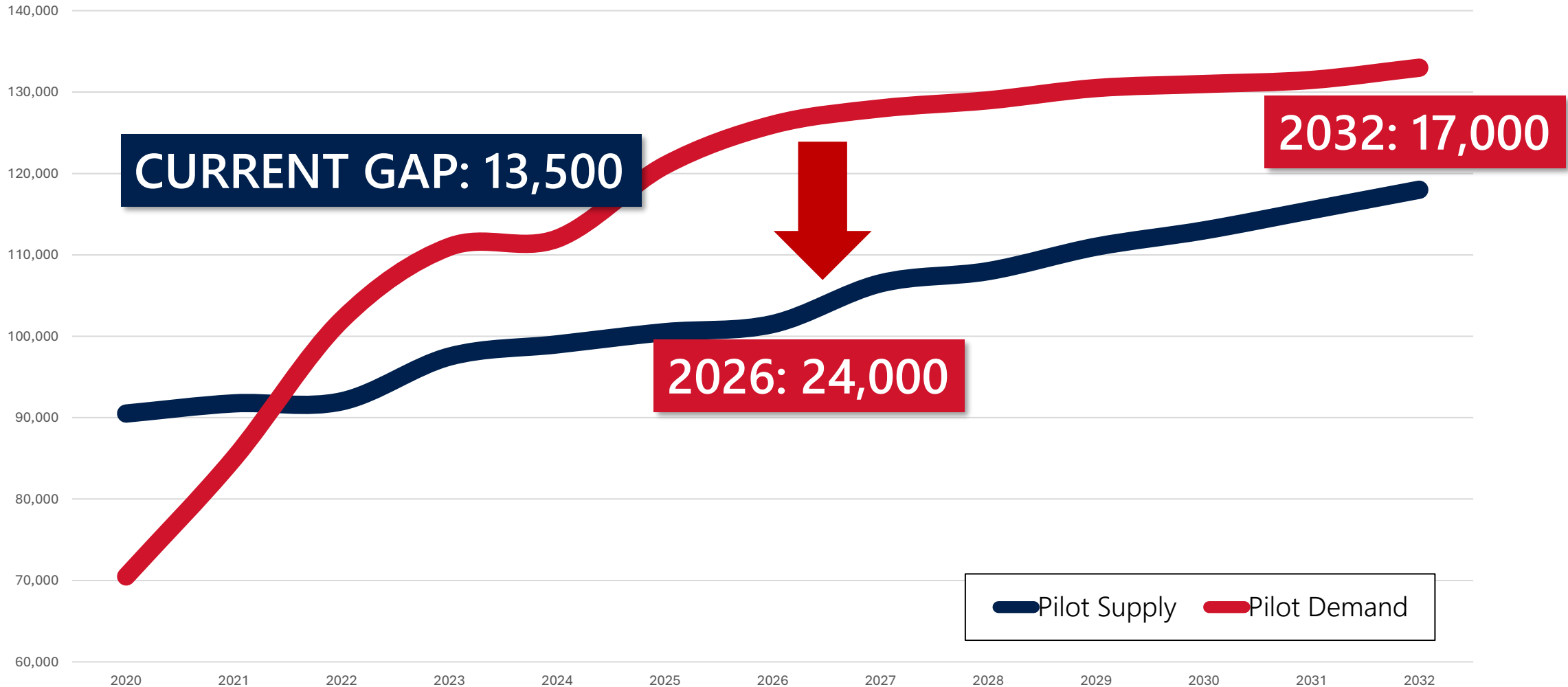
TOPIC TWO

INDUSTRY HEADWINDS



CURRENT PILOT SHORTAGE COULD WORSEN

NORTH AMERICAN PILOT SUPPLY VERSUS DEMAND
CY2020 – CY2023



MORE PLANES ARE HEADED TO THE DESERT

REGIONAL JETS PARKED DUE TO PILOT SHORTAGE
PROJECTED FOR 2026



~~500~~ 700+ REGIONAL JETS PARKED ~~SINCE 2019~~ BY 2026

REMAINING JETS ARE FLYING LESS



AIRCRAFT USED TO FLY AS MUCH AS POSSIBLE

TYPICAL DAILY SCHEDULE FOR ERJ175 AIRCRAFT
CALENDAR YEAR 2019



- EIGHT SEGMENTS PER DAY
- 11.5 "BLOCK HOURS" PER DAY

NOW, PILOT CONSTRAINTS REDUCE FLYING

TYPICAL DAILY SCHEDULE FOR ERJ175 AIRCRAFT CALENDAR YEAR 2019



- EIGHT SEGMENTS PER DAY
- 11.5 "BLOCK HOURS" PER DAY

TYPICAL DAILY SCHEDULE FOR ERJ175 AIRCRAFT MAY 2024



- FOUR SEGMENTS PER DAY
- SIX "BLOCK HOURS" PER DAY

COSTS HAVE MORE THAN DOUBLED

AMORTIZED LEASE COST OF AN ERJ175 REGIONAL JET
CALENDAR YEAR 2019 VS. MAY 2024

LEASE COST: \$5,000 PER DAY

2019

\$625 PER SEGMENT

\$8 PER SEAT



COSTS HAVE MORE THAN DOUBLED

AMORTIZED LEASE COST OF AN ERJ175 REGIONAL JET
CALENDAR YEAR 2019 VS. MAY 2024



LEASE COST: \$5,000 PER DAY

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2024

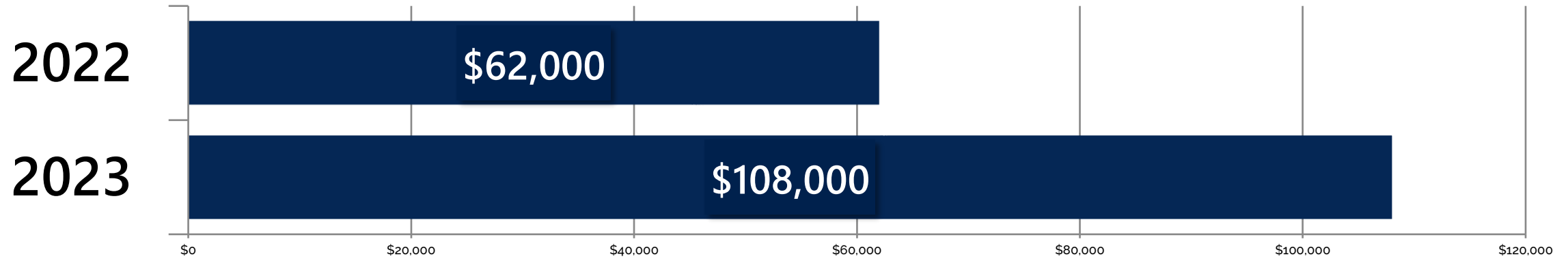
\$1,250 PER SEGMENT

\$17 PER SEAT

PILOT PAY ALSO PUTS PRESSURE ON COSTS

US REGIONAL AIRLINE STARTING PILOT PAY

CY2022 – CY2023



- > ALMOST DOUBLED IN LAST TWO YEARS
- > EXTRA \$400 IN COST ON AVERAGE FLIGHT
- > \$5.27 IN EXTRA COST PER SEAT

INCREASED COSTS = INCREASED FARES

COST OF AN AIRLINE SERVING SOUTHWEST OREGON REGIONAL AIRPORT – PORTLAND (PDX)

AS OF MAY 2024

2019 ESTIMATED COST

- > \$6,000 PER SEGMENT
- > \$79 PER SEAT



INCREASED COSTS = INCREASED FARES

COST OF AN AIRLINE SERVING SOUTHWEST OREGON REGIONAL AIRPORT – PORTLAND (PDX)

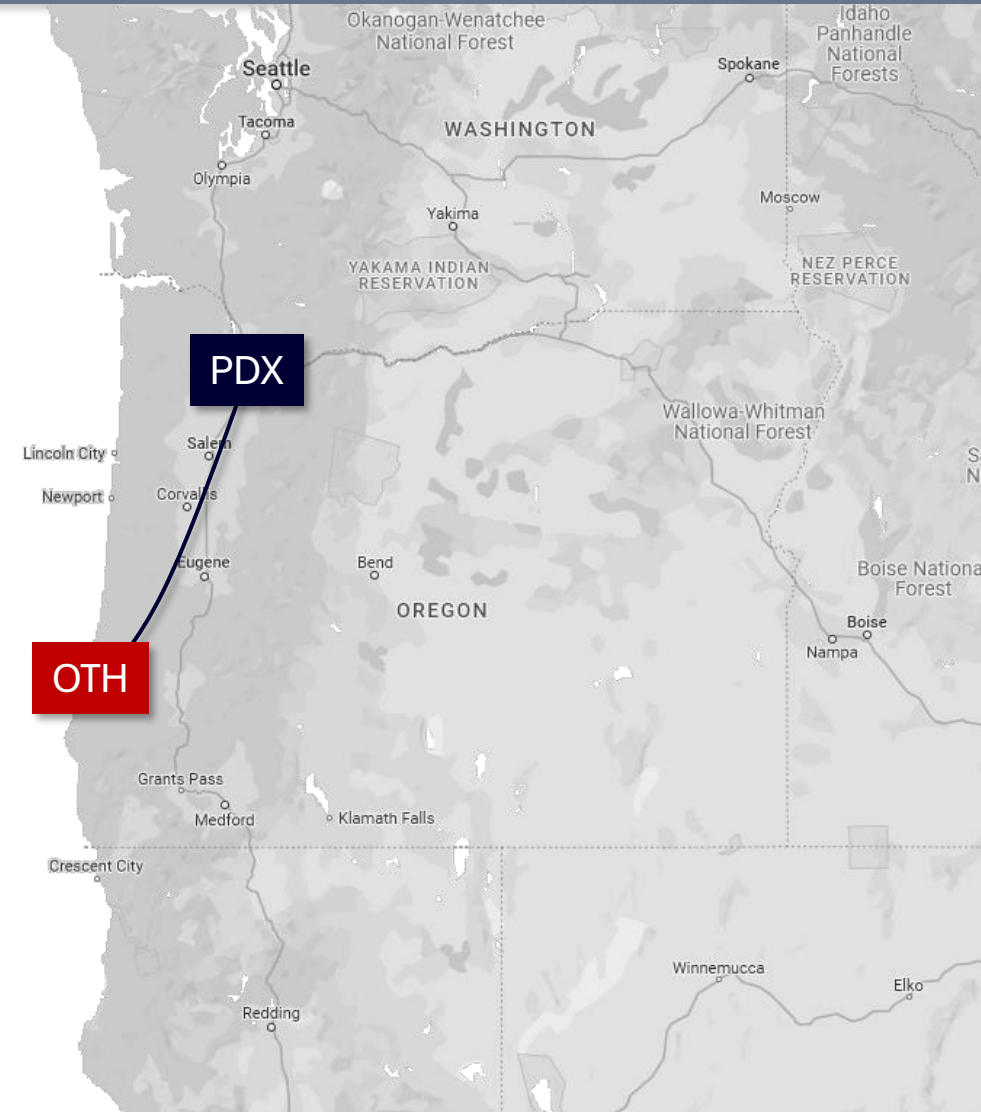
AS OF MAY 2024

2019 ESTIMATED COST

- > \$6,000 PER SEGMENT
- > \$79 PER SEAT

2024 ESTIMATED COST

- > \$9,400 PER SEGMENT
- > \$124 PER SEAT



INCREASED COSTS = INCREASED FARES

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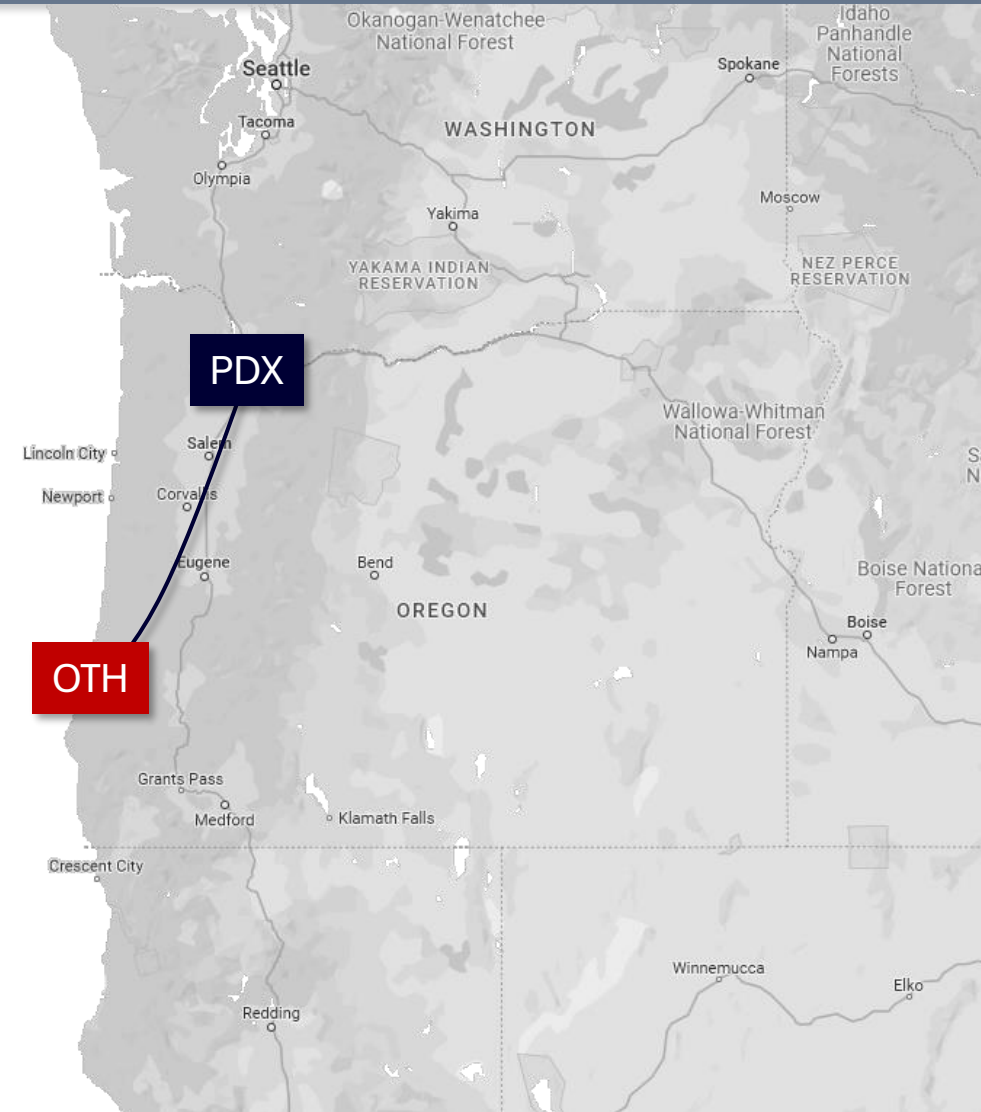
2024 ESTIMATED COST

- > \$9,400 PER SEGMENT
- > \$124 PER SEAT

BREAKEVEN ROUNDTRIP FARE:

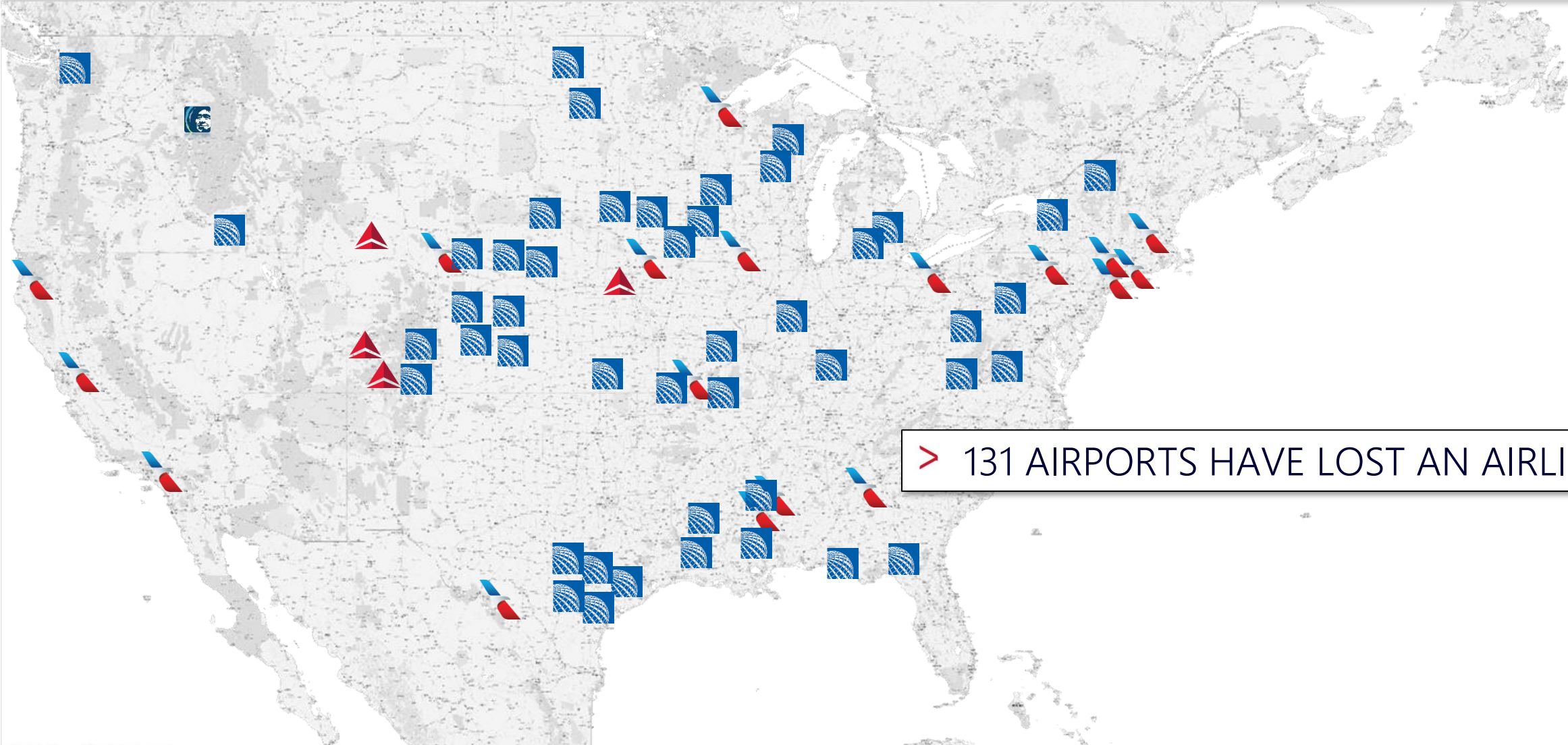
\$324

AT CURRENT AVERAGE LOAD FACTOR

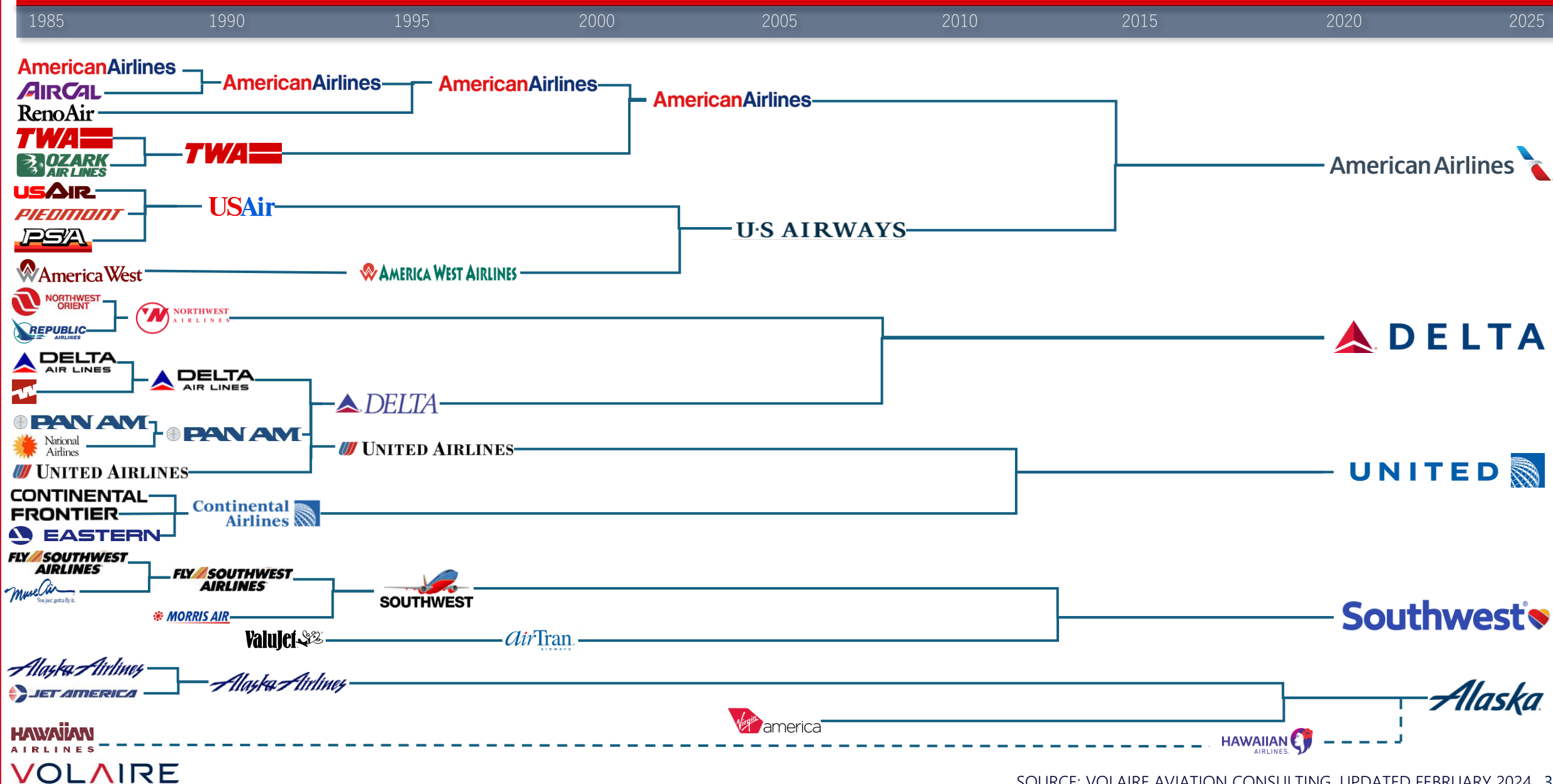


INCREASED COSTS MAKE FLYING UNPROFITABLE

US AIRPORTS THAT HAVE LOST A CARRIER
SINCE JANUARY 2020



FEWER TARGETS TO RECRUIT



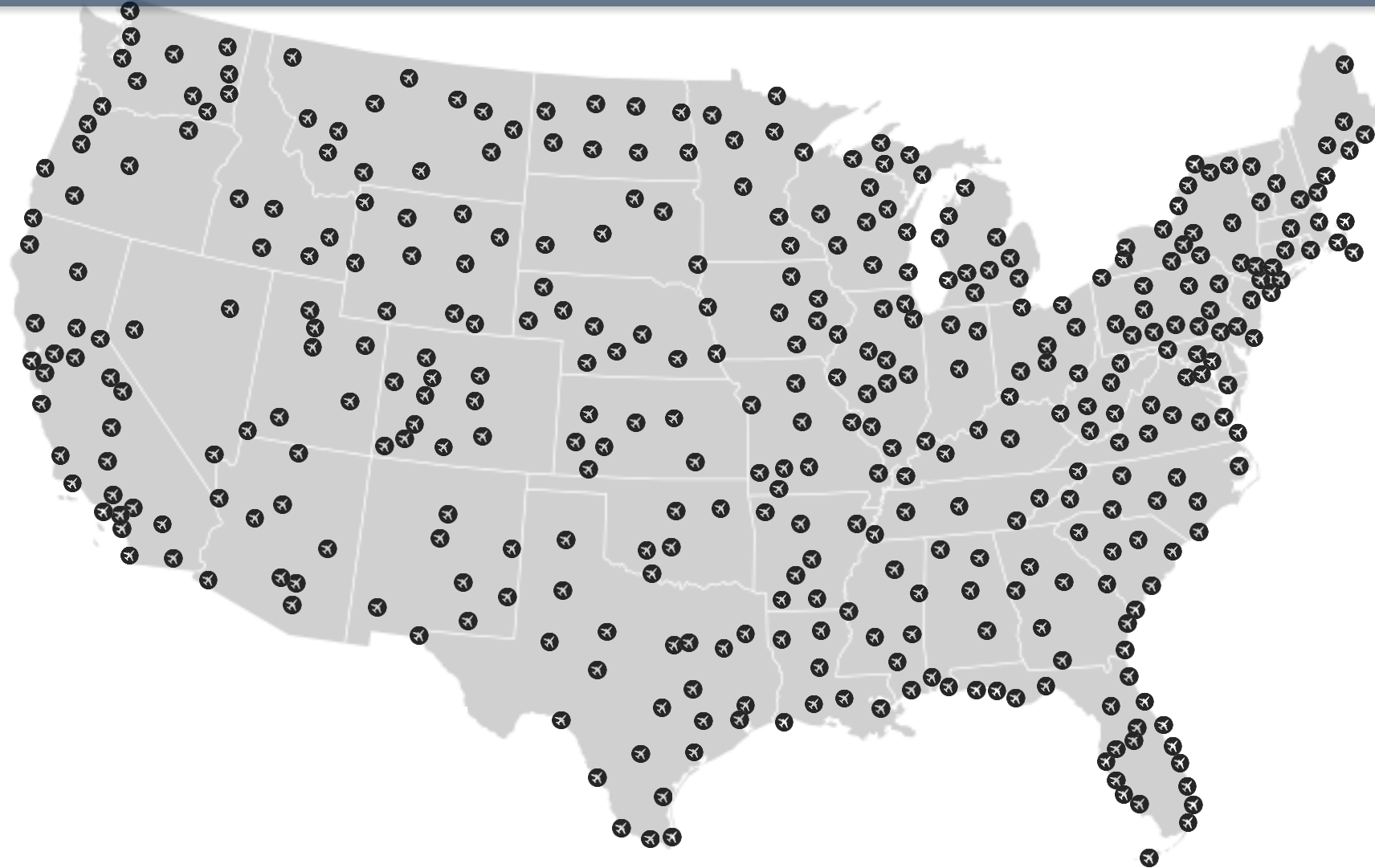
TOPIC THREE

AIR SERVICE OUTLOOK



CURRENT US AIR SERVICE NETWORK

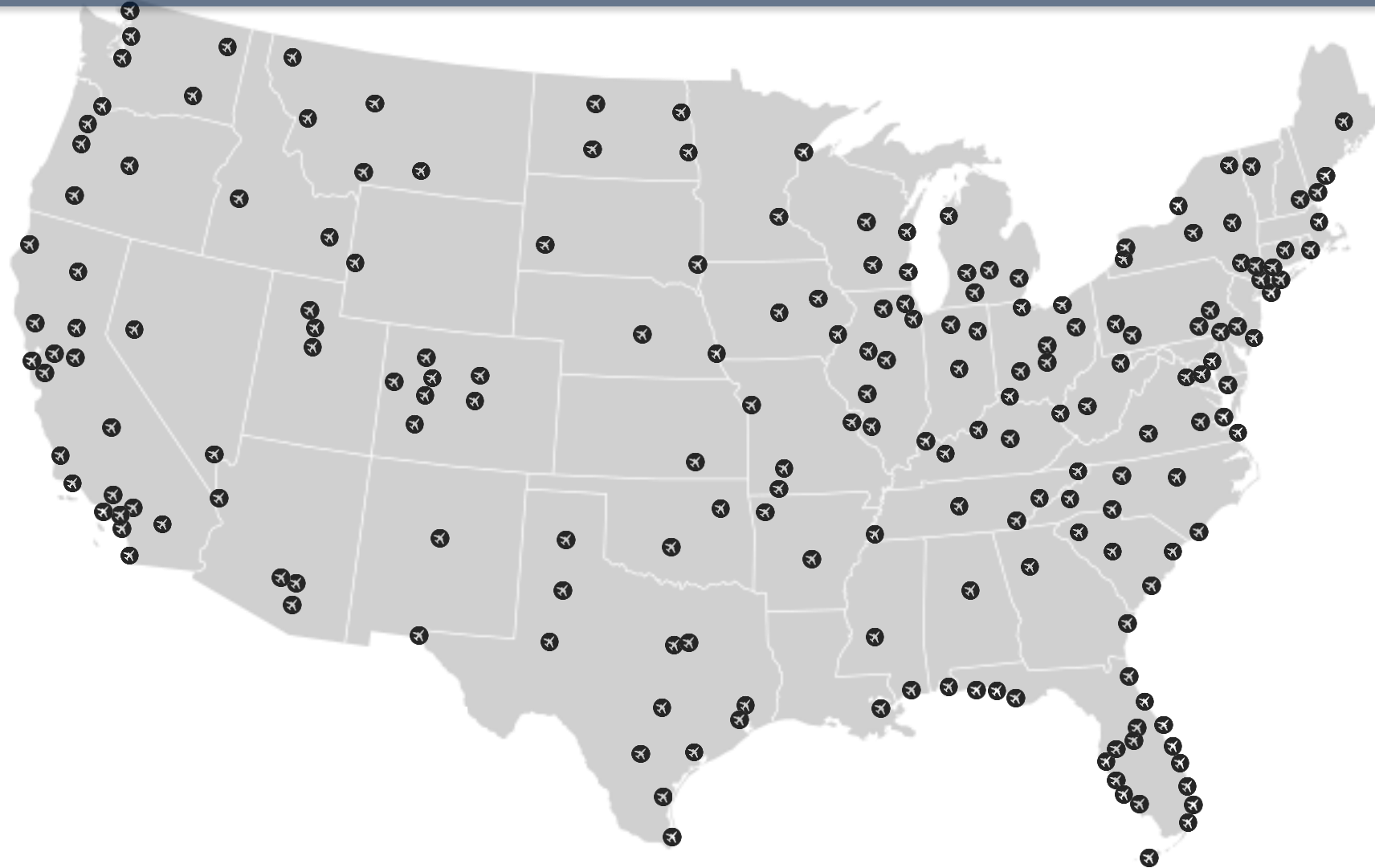
US AIRPORTS WITH SCHEDULED AIRLINE SERVICE
AS OF MAY 2024



100+ AIRPORTS COULD LOSE AIR SERVICE

PROJECTED US SCHEDULED AIR SERVICE WITHOUT REGIONAL CARRIERS

AS OF MAY 2024

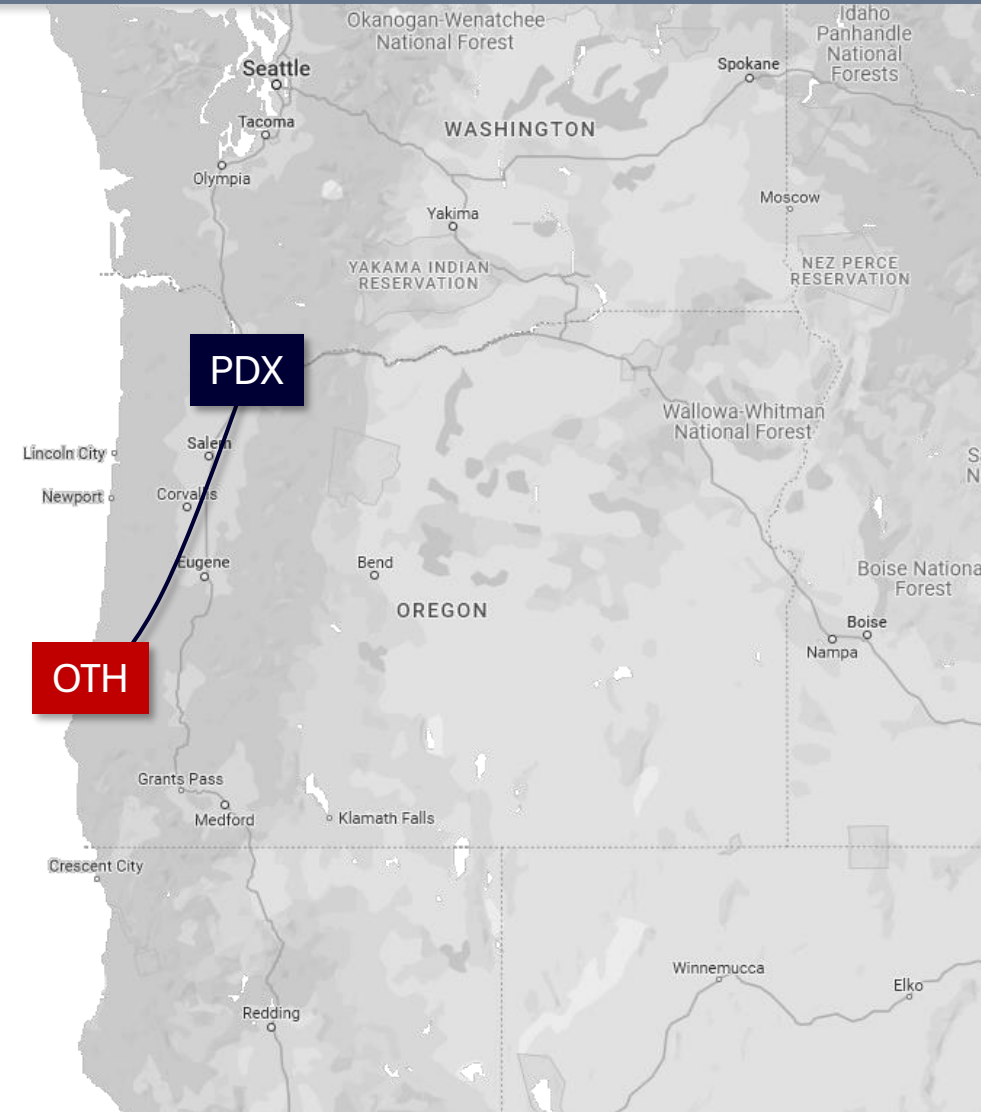


TOP PRIORITY: PDX NONSTOPS

MINIMUM REVENUE GUARANTEE (MRG) FOR PORTLAND SERVICE

AS OF MAY 2024

- > MRG OF ~\$1.9 MILLION
- > \$750,000 SCASD GRANT FUNDING
- > THE REST = LOCAL FUNDING

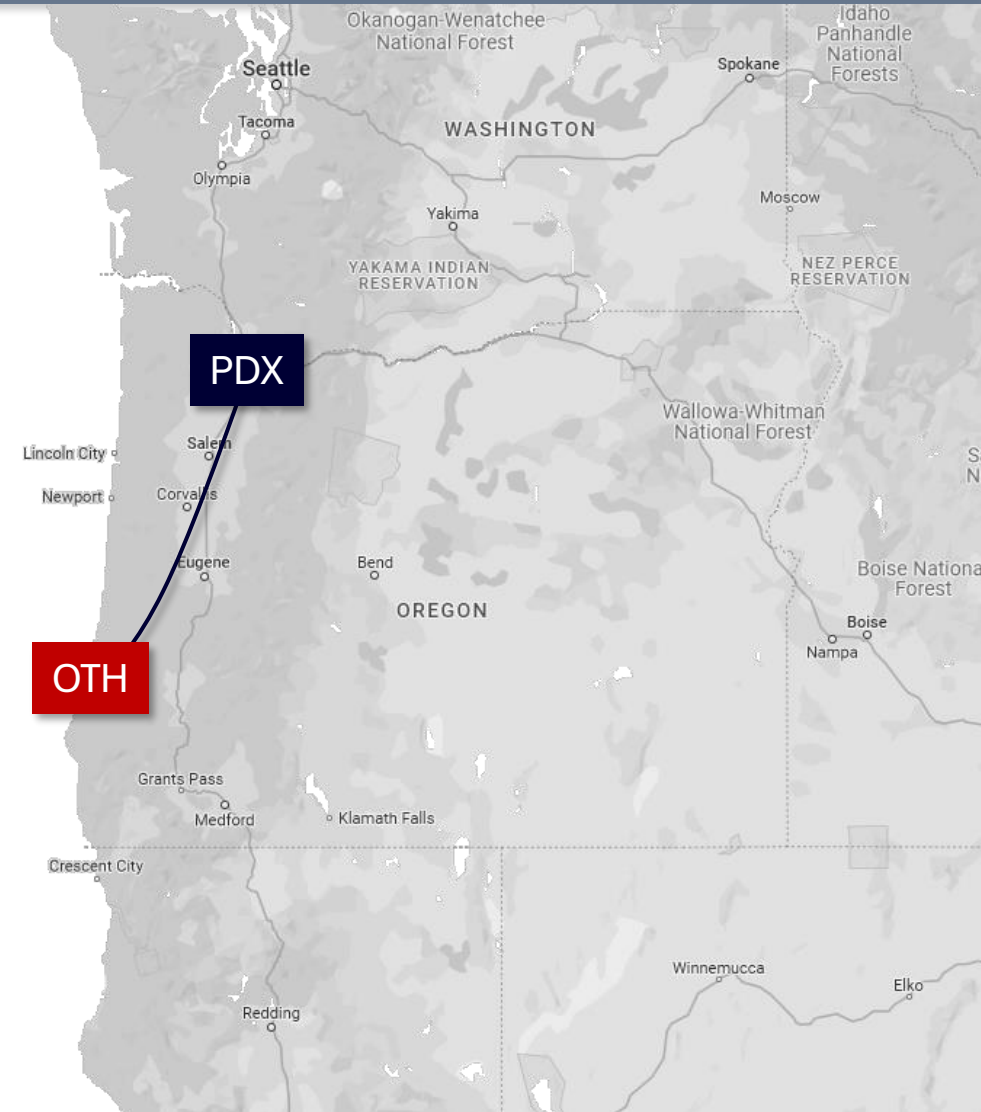


MUST RECONFIRM PROMISED FUNDS

MINIMUM REVENUE GUARANTEE (MRG) FOR PORTLAND SERVICE

AS OF MAY 2024

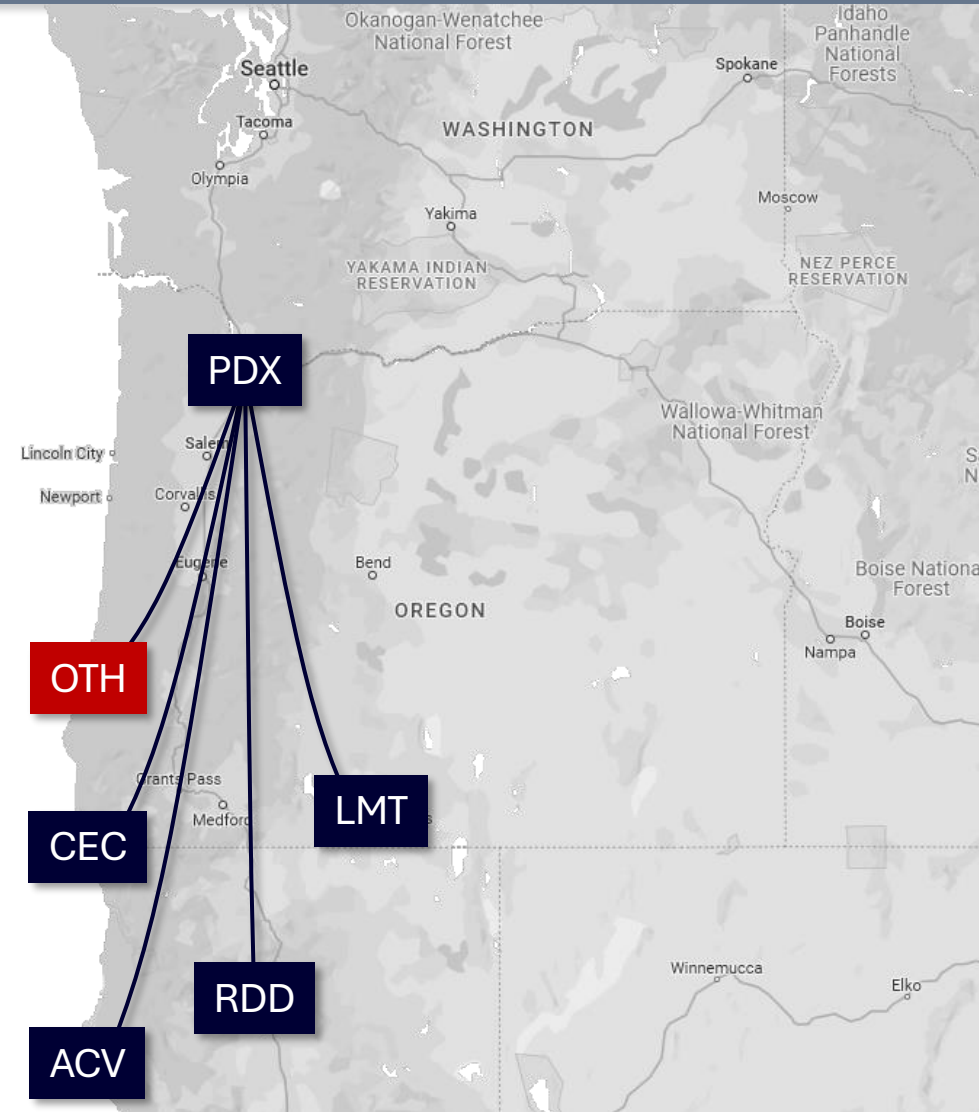
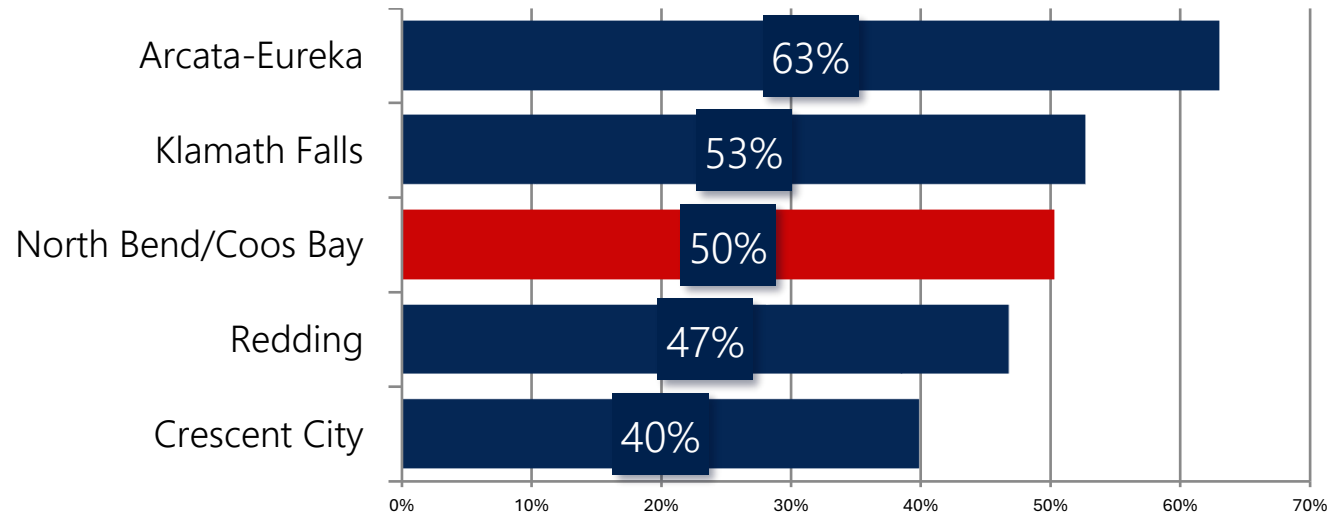
Minimum Revenue Guarantee (MRG):	\$1,867,500
Small Community Air Service Development Grant:	\$750,000
Bandon Dunes Golf Resort:	\$750,000
Sause Bros.:	\$150,000
Oregon's Adventure Coast:	\$75,000
City of Coos Bay:	\$75,000
International Port of Coos Bay:	\$30,000
City of North Bend:	\$22,500
Bay Area Hospital:	\$15,000
In-Kind Contributions:	\$1,065,600
The Mill Casino (Crew Rooms at No Cost):	\$525,600
Southwest Oregon Regional Airport (30,000 sq ft Hangar):	\$540,000
Total Incentives:	\$2,933,100



MUST OVERCOME PERCEPTION OF WEAKNESS

LOAD FACTOR ON PENAIR PORTLAND NONSTOPS

YEAR ENDED AUGUST 2017 (FINAL 12 MONTHS OF PENAIR SERVICE)



POOR SCHEDULE DROVE POOR RESULTS

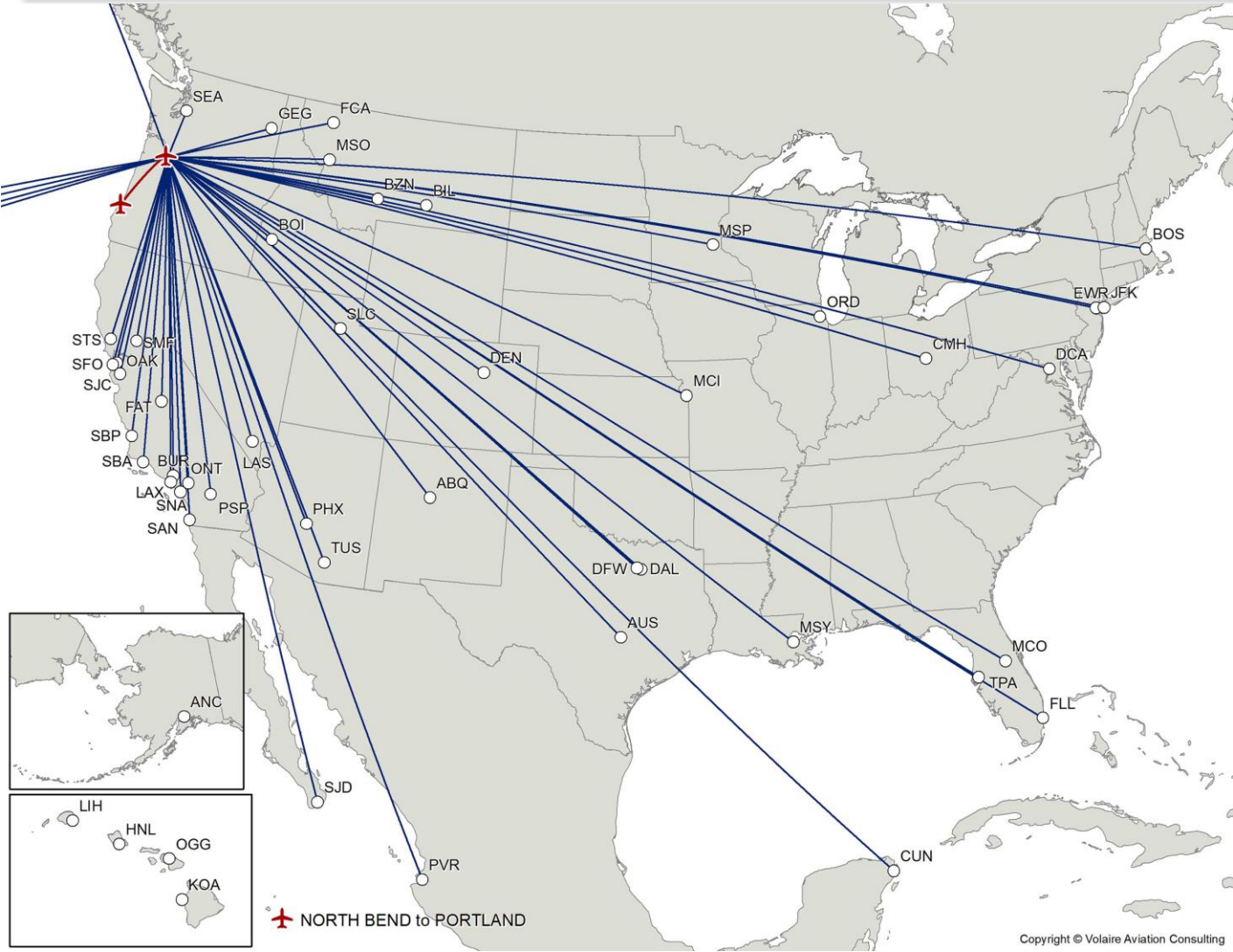
PENAIR'S CONNECTIONS TO ALASKA AIRLINES AT PORTLAND (PDX)

SUMMER 2017



CONNECTIVITY AT PDX TODAY

AVAILABLE CONNECTIONS AT PORTLAND (PDX) ON ALASKA AIRLINES WITH A "RON" SCHEDULE
AS OF MAY 2024

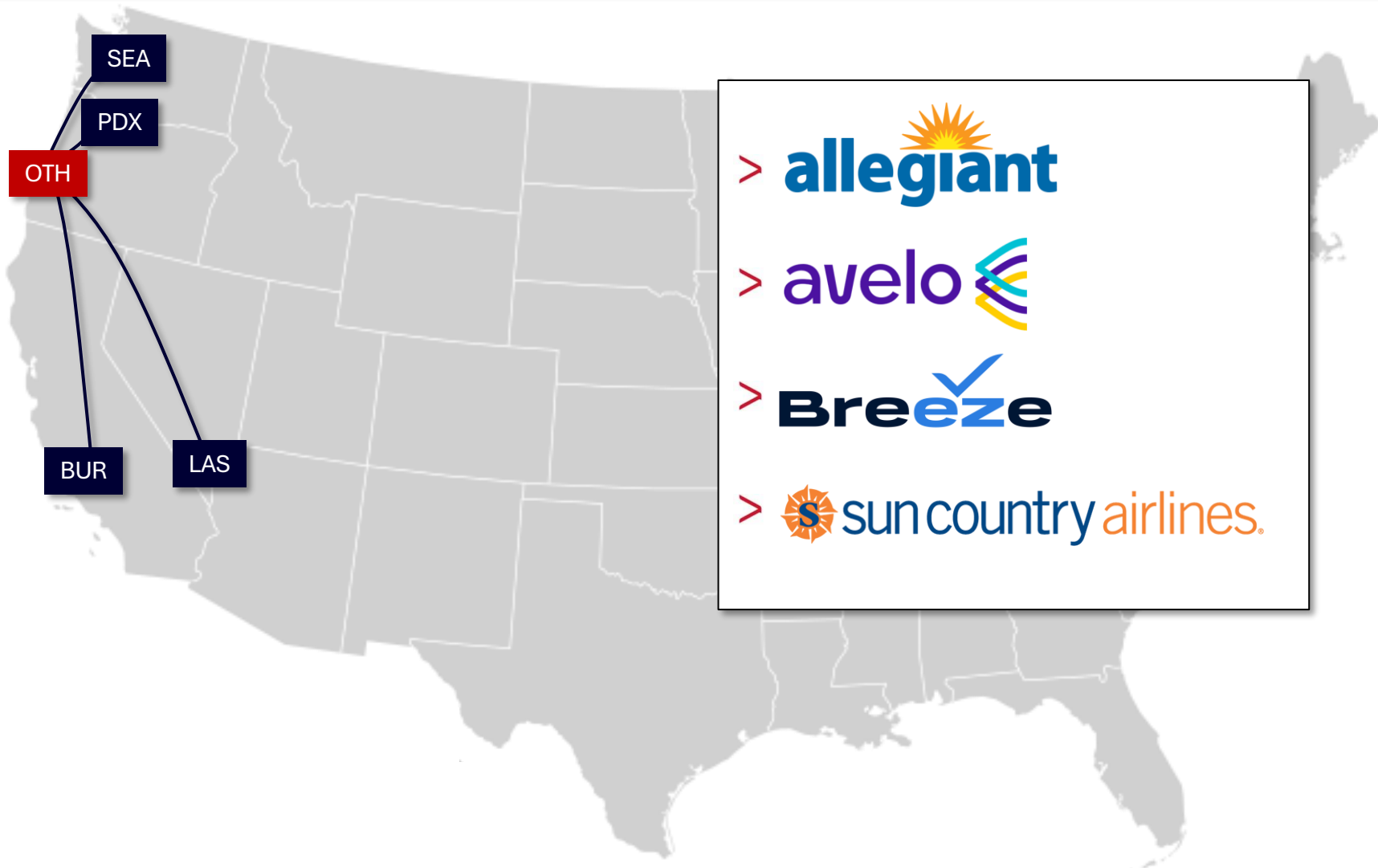


- > 50 ONE-STOP CITIES
- > ~100 AVAILABLE PASSENGERS/DAY
- > \$240 ONE WAY FARE
- > MARKET DOWN 67% SINCE THE LAST TIME ALASKA HAD FLIGHTS



PROLIFERATION OF LOW COST CARRIERS

OTHER POTENTIAL AIR SERVICE TARGETS
AS OF MAY 2024



REVENUE GUARANTEES REQUIRED

ROUTES LAUNCHED IN LAST NINE MONTHS WITH MINIMUM REVENUE GUARANTEES (MRGs)

AS OF MAY 2024



MOST AIRPORTS OFFER LARGE INCENTIVES

AIRPORTS OFFERING SIX-FIGURE INCENTIVES FOR NEW AIRLINE SERVICE

AS OF MAY 2024



**VIRTUALLY ALL US AIRPORTS
OFFER LARGE INCENTIVES**

JACK PENNING

MANAGING PARTNER

JACK.PENNING@VOLAIREAVIATION.COM

