HOW TO BE MORE FINANCIALLY RESILIENT?

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Slower GDP Growth in 2020 and Beyond

**U.S. REAL GDP YOY % GROWTH**

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<tbody>
<tr>
<td>Growth</td>
<td>1.0%</td>
<td>-2.8%</td>
<td>1.6%</td>
<td>1.5%</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.9%</td>
<td>1.9%</td>
<td>2.0%</td>
<td>2.8%</td>
<td>2.5%</td>
<td>2.3%</td>
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**CANADA REAL GDP YOY % GROWTH**

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</thead>
<tbody>
<tr>
<td>Growth</td>
<td>1.0%</td>
<td>-2.9%</td>
<td>3.1%</td>
<td>3.2%</td>
<td>1.8%</td>
<td>2.3%</td>
<td>2.9%</td>
<td>0.7%</td>
<td>1.1%</td>
<td>3.0%</td>
<td>1.9%</td>
<td>1.4%</td>
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Source: World Bank, and Statistics of Canada, as of 8/19/2019
CPI Nearing the Target Rate in 2020

U.S. Historical CPI and Forecast
YoY % change

- 2014: 1.7%
- 2015: 0.4%
- 2016: 0.8%
- 2017: 2.1%
- 2018: 2.5%
- 2019: 2.0%
- 2020: 2.0%

2% Inflation Target

Canada Historical CPI and Forecast
YoY % change

- 1900: 1.4%
- 1900: 1.0%
- 1900: 1.6%
- 1900: 1.9%
- 1900: 2.1%
- 1900: 1.6%
- 1900: 2.0%

Source: U.S Department of Commerce, Bank of Canada, as of 8/19/2019
## Growing Risks in the Outlook

<table>
<thead>
<tr>
<th>Monetary Policy</th>
<th>Fiscal Policy</th>
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<tr>
<td>Federal Reserve cut Interest rate in August amid uncertainty, first ever interest rate cut since the 2008 Great Recession</td>
<td>Federal deficit will exceed one trillion every year. Federal tax receipt as a share of GDP at historic low, estimated 16.7% in 2018 (prior 40-year average 17.4%)</td>
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<td>A slowing economy and growing trade tensions suggest a cut will happen more quickly than currently accounted for.</td>
<td>Government deficit of $15 billion, about 0.7% of the GDP in FY 2018-2019, projected to trend around -0.6% in 2020.</td>
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</table>
In the 2020s, RPMs Will Exceed 1 Trillion Annually; Cargo RTMs Will Surpass 50 Billion Annually

Source: U.S. Bureau of Transportation Statistics (T1 systemwide for U.S. airlines – all services)
U.S. Airport Industry Took 7 years to Return to 2007 Traffic Level

Sources: U.S. Bureau of Transportation Statistics T-100 Market Data
What Are Lessons Learned from the Last Recession and How Should Airports Prepare for the Next?

- Cash and Investments
- Pensions and OPEB
- Operating Expenses
- Airline Revenue/CPE
- Non-Airline Revenue
- CAPEX (Capital Program Spending)
- Capital Markets (Debt, Coverage, Ratings)
- Federal Government Actions
- Operations and Customer Service
- Enterprise Risk Management (ERM)

Source: U.S. Bureau of Transportation Statistics (T1 systemwide for U.S. airlines – all services)
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