TURKS AND CAICOS ISLANDS AIRPORTS AUTHORITY

STRATEGIC MASTER PLAN FOR THE TCIAA

B.2. TCIAA financial plan

October 2024

ALG

ALG

Disclaimer

QUALIFICATIONS, ASSUMPTIONS AND LIMITING CONDITIONS

This report is for the exclusive use of the ALG client named herein. This report is not intended for general circulation or publication, nor is it to be reproduced, quoted or distributed for any purpose without the prior written permission of ALG. There are no third-party beneficiaries with respect to this report, and ALG does not accept any liability to any third party.

Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been independently verified, unless otherwise expressly indicated. Public information and industry and statistical data are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information.

The findings contained in this report may contain predictions based on current data and historical trends. Any such predictions are subject to inherent risks and uncertainties. ALG accepts no responsibility for actual results or future events. The opinions expressed in this report are valid only for the purpose stated herein and as of the date of this report. No obligation is assumed to revise this report to reflect changes, events or conditions, which occur subsequent to the date hereof.

All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the client. This report does not represent investment advice nor does it provide an opinion regarding the fairness of any transaction to any and all parties.

ALG

Objectives

The objective of this report is **to assess the economic sustainability of the TCIAA**, given the transformation that the entity will have to undergo in the short-term as Providenciales Airport begins its PPP process, and **to evaluate the sources of revenue, costs, and investment required for the country's airport sector for the next 30 years**. The strategic path to follow is developed in the following blocks:

1. **Analysis of historical TCIAA P&L:** The first step is to conduct a comprehensive, detailed review of TCIAA's historical financial results to assess each of the organization's sources of income and costs

2. **Methodology & Assumptions**: Definition of the starting point for the revenues and costs forecasts, including the distribution by airport of each of these categories, and description of the methodology used for projecting them

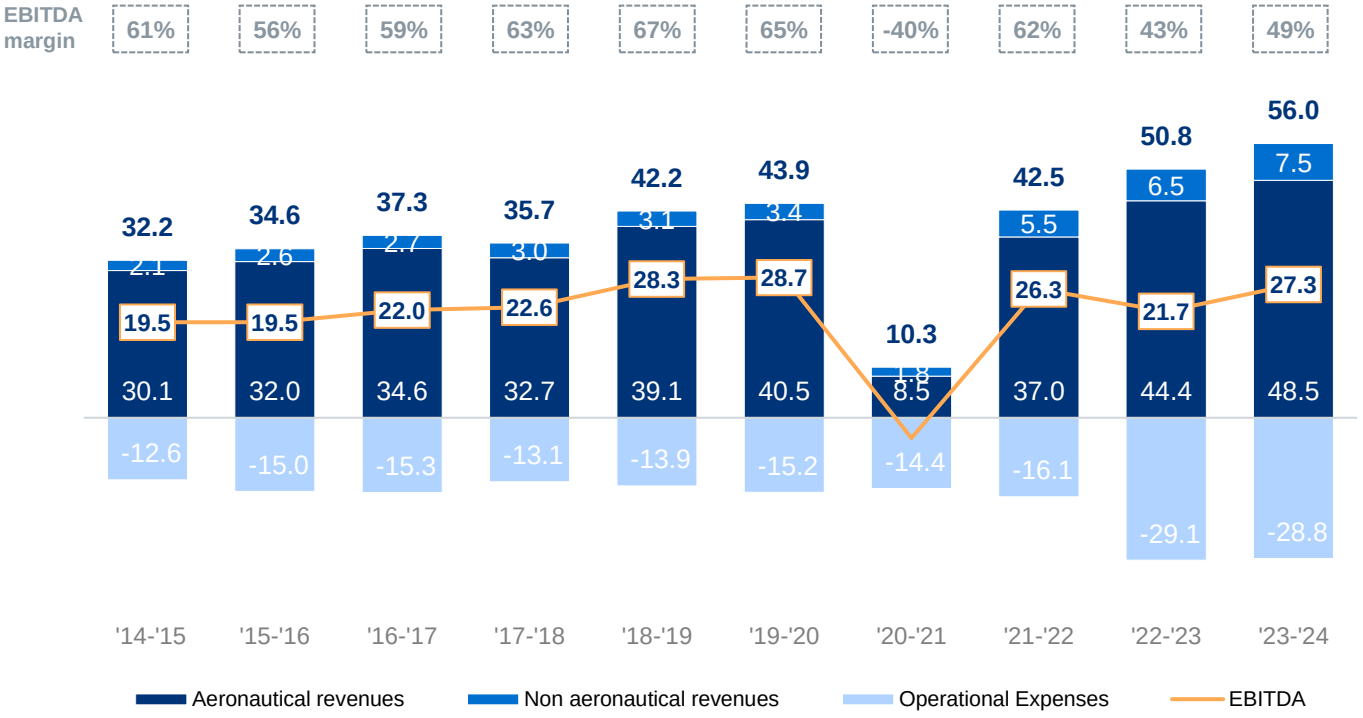
3. **Business Plan per airport:** Development of individual business plans for each airport in the network, detailing the revenues and costs obtained

4. **TCIAA Financial Plan**: Definition of the organization's financial model for the period 2024-55. This will include adding the projected investments for TCIAA over the next 30 years to the income and cost projections previously made, as well as reflecting the cash flow projections of both PLS PPP and the operation of the rest of the network. Finally, a sensitivity analysis to key variables (concession fee, airport charges, investment) is performed to identify the main drivers to enhance TCIAA's financial sustainability

Content

The TCIAA EBITDA has almost recovered pre-COVID levels, reaching 27.3 MUSD in 2024, with a 49% margin, slightly below historical figures

TCIAA historic analysis of P&L (MUSD nominal, 2015-2024)



Note: EBITDA level analysis, excludes Depreciation & Amortization Costs

- **TCIAA EBITDA in 2024 reached 27.3 MUSD**, slightly below the 28.7 MUSD in 2020, **despite the +12% increase in traffic**, based on the fiscal calendar, compared to 2020 (1.5 Mpax vs. 1.3 Mpax)
- Historically, **non-aero revenues** represented ~8% of the total revenues, but post-COVID, **they increased to ~13%** thanks to improvements in **advertising, car parking, and other operational income**
- The **decline in the EBITDA margin is mainly explained** by the **increase in OpEx**, which has grown at an **annual rate of 9.6%** over the last decade, compared to the **5.4% growth of aeronautical revenues**, which historically have accounted for 87-93% of the total revenues

The economic results of the TCIAA are shown corresponding to their fiscal years, ending on March 31st

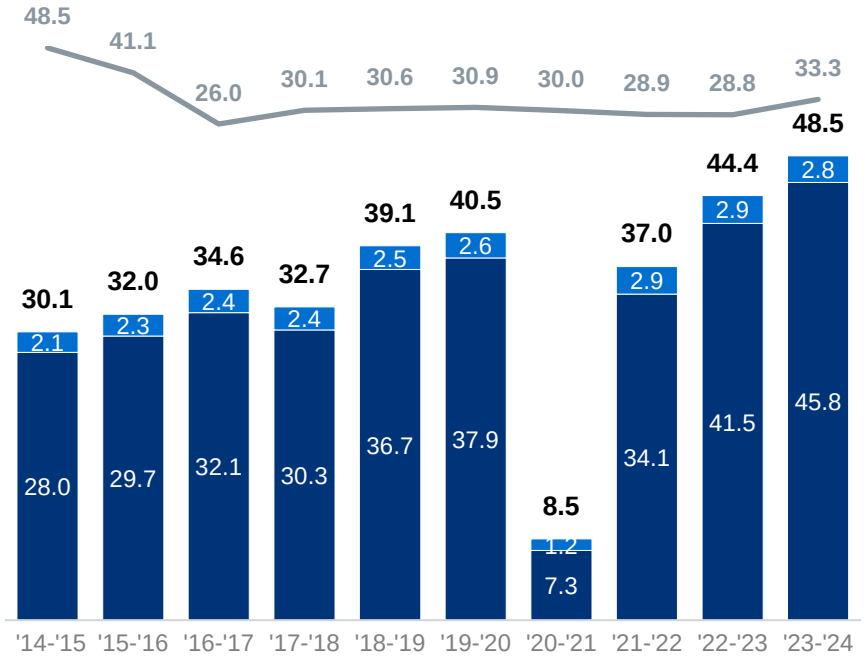
Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ALG Analysis

Note: The fiscal years refer to years ending March 31st

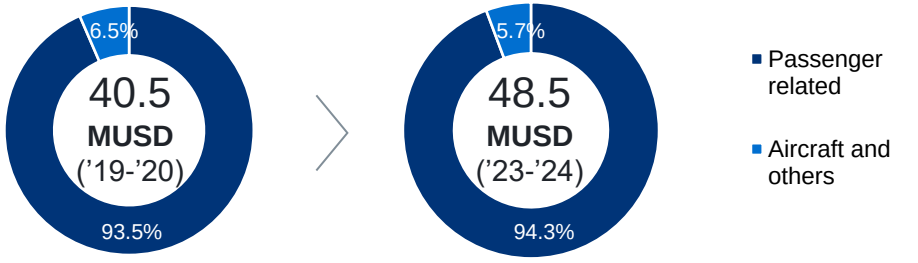
Aero revenues reached 48.5 MUSD in 2024, with 94% coming from pax-related revenues and a unit revenue of 31.5 USD/pax, above int'l average

Aero revenues evolution (MUSD nominal, 2015-2024)

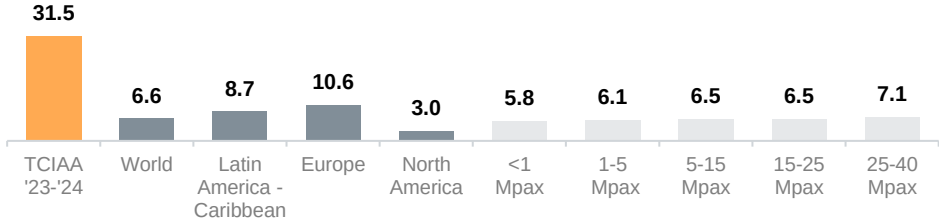
Revenue Segment	CAGR '15-'20	CAGR '15-'24	Recovery '24 vs. '20
Passenger	6.2%	5.6%	120.8%
Aircraft and others	4.4%	3.0%	105.0%
Total aeronautical revenues	**6.1%**	**5.4%**	**119.8%**
Unit aero rev per pax (USD)	-8.6%	-4.1%	107.7%



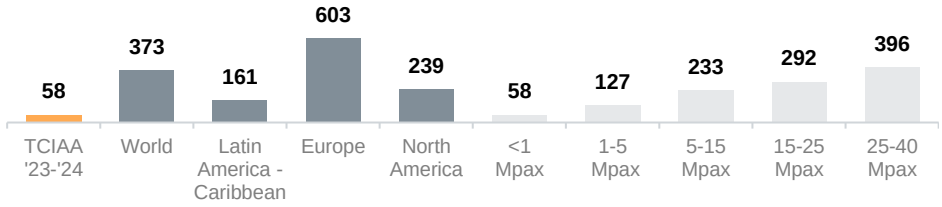
Share of Aero Revenues (2024 vs. 2020)



Benchmark of Unit Passenger-related Aero Rev. (USD/pax, real 2023)



Benchmark of Unit Aircraft-related Aero Rev. (USD/ATM, real 2023)



Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ALG Analysis

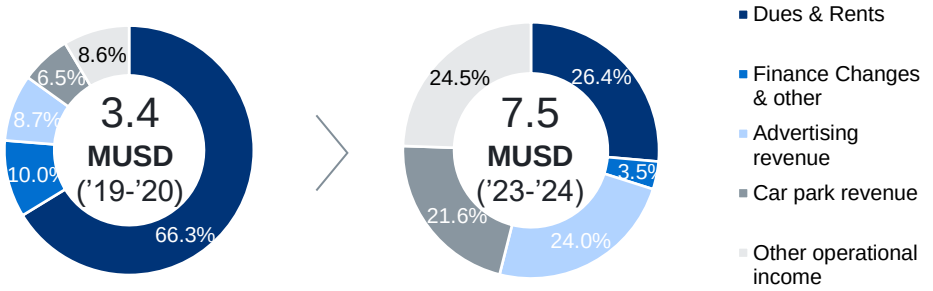
Note: The fiscal years refer to years ending March 31st

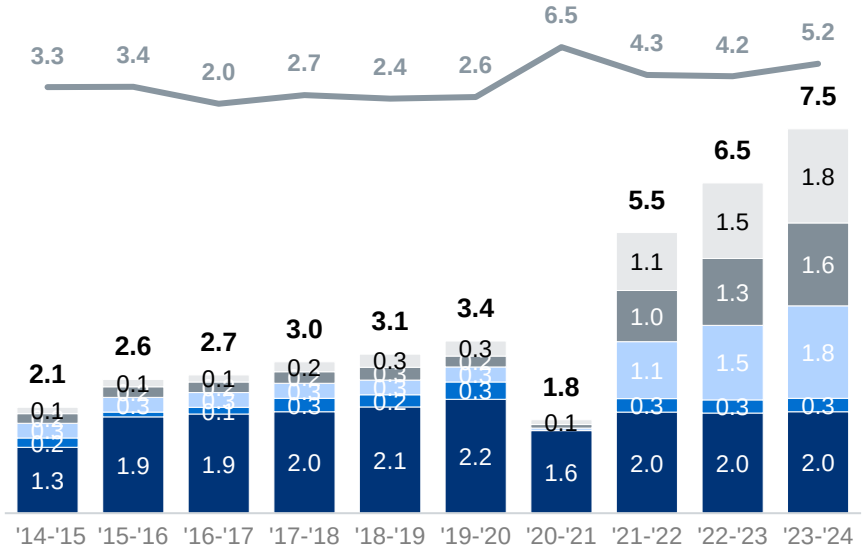
Non-aero unit revenue reached 5.2 USD/pax in 2023 (15.4% CAGR), but it is still in the low range of benchmarks despite doubling figures from 2019

Non-Aero revenues evolution (MUSD nominal, 2015-2024)

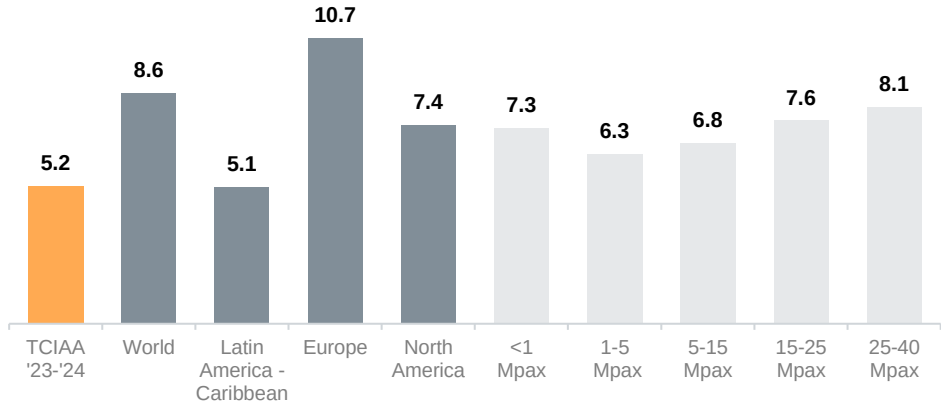
Revenue Segment	CAGR '15-'20	CAGR '15-'24	Recovery '24 vs. '20
Dues & Rents	11.6%	4.9%	89.0%
Finance Changes & others	13.1%	4.2%	78.4%
Advertising revenue	0.0%	22.5%	619.7%
Car park revenue	3.4%	27.3%	743.9%
Other operational income	18.6%	35.1%	636.3%
Total non-aero revenues	**10.2%**	**15.4%**	**223.4%**
Unit non-aero rev per pax (USD)	-5.1%	5.0%	200.8%

Share of Non-Aero Revenues (2024 vs 2020)





Benchmark of Non-Aeronautical Unit Revenues (USD/pax, real 2023)



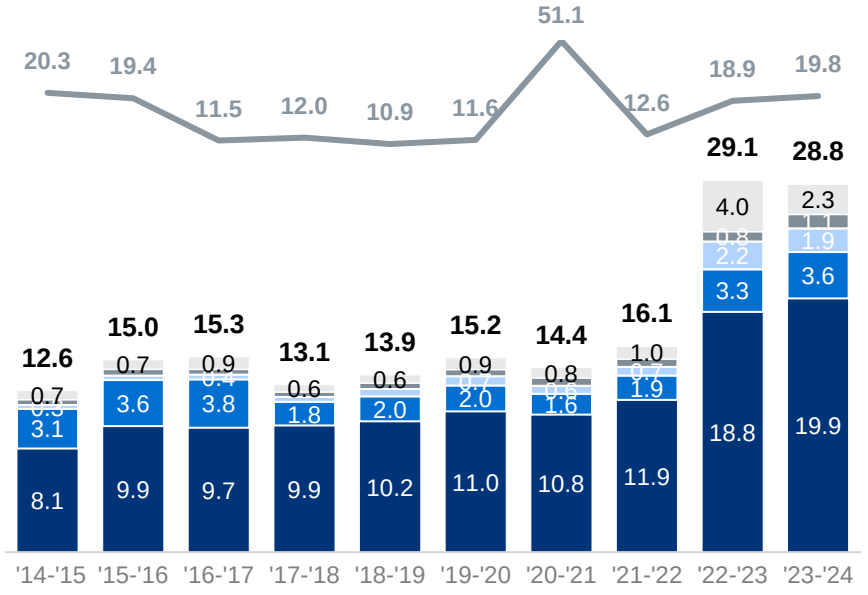
Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ALG Analysis

Note: The fiscal years refer to years ending March 31st

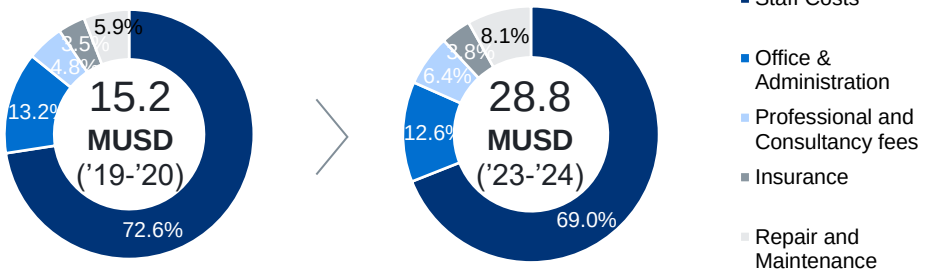
OpEx have nearly doubled compared to pre-COVID levels, reaching 28.8 MUSD, resulting in a unit OpEx per pax in the upper range (19.8 USD/pax)

Operating expenses evolution (MUSD nominal, 2015-2024)

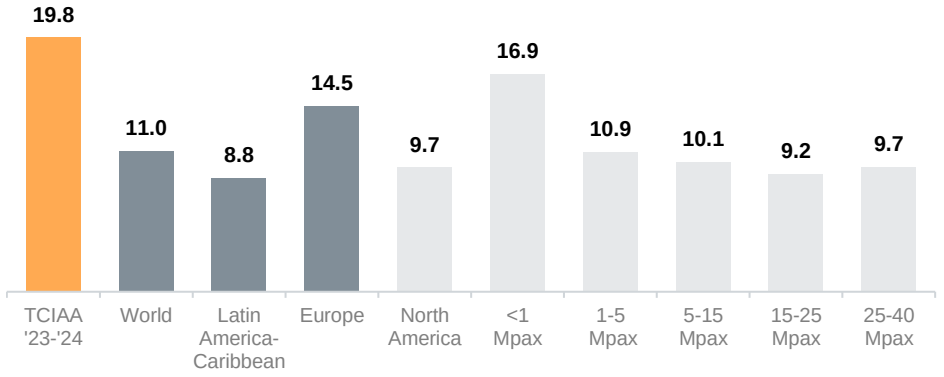
Expense Segment	CAGR '15-'20	CAGR '15-'24	Recovery '24 vs. '20
Staff Costs	6.3%	10.4%	180.0%
Office & Administration	-8.4%	1.8%	181.2%
Professional & Consultancy fees	20.7%	23.2%	254.3%
Insurance	4.1%	10.8%	205.2%
Repair and Maintenance	5.3%	14.5%	260.1%
Total operating expenses	**3.8%**	**9.6%**	**189.3%**
Unit opex per pax (USD)	-10.6%	-0.3%	170.2%



Share of Operating Expenses (2024 vs. 2020)



Benchmark of Unit Operating Expenses (USD/pax, real 2023)



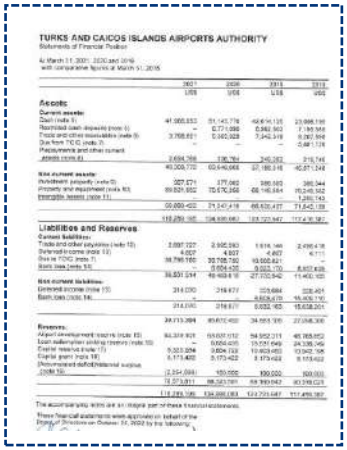
Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ALG Analysis

Note: The fiscal years refer to years ending March 31st

Content

TCIAA historical P&L has been constructed mixing information from 3 different sources: financial statements, budgets and financial highlights

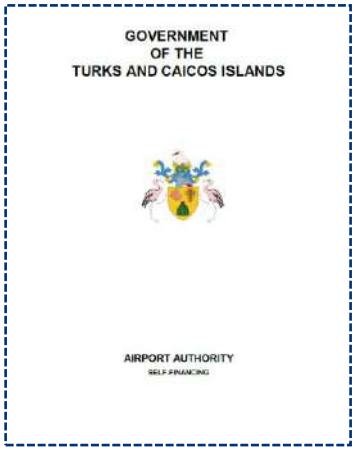
Consolidation and use of available information sources


TURKS AND CAICOS ISLANDS AIRPORTS AUTHORITY

Financial Statements

Audited financial statements up to FY21 by Baker Tilly. Fiscal years end 31st March

FY15 – FY21 *audited*


GOVERNMENT OF THE TURKS AND CAICOS ISLANDS

AIRPORT AUTHORITY
SELF FINANCING

Budget

Estimates of income and expenditure for self-financed authorities
(for 23-24 Budget, unaudited actuals for FY22 are used)

FY22 *actual*

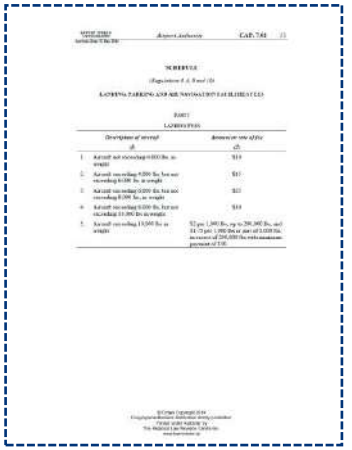

Financial Highlights
March 2024

TCIAA
TURKS AND CAICOS ISLANDS AIRPORTS AUTHORITY

Financial Highlights

Financial Performance of TCIAA, unaudited, with the breakdown and explanation of the main items for FY23 & FY24

FY23 & FY24 *unaudited*



Rates and Charges

Breakdown of the current fees and charges applicable at the TCIAA airports network


CHAPTER 7.05
AIRPORT DEVELOPMENT CHARGE ORDINANCE

Ordinances

Airports Authority ordinances and regulations in the country, related to the establishment and updating of the different fees and charges

Historical data for the TCIAA is provided in aggregate way rather than by individual airport; therefore, an initial assessment to obtain historical data by airport to accurately project their individual Business Plan has been carried out

Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ALG Analysis

Note: The fiscal years refer to years ending March 31st

Current TCIAA structure for Regulated revenues, Commercial revenues and Operational expenses shows different level of detail for each stream

Profit & Loss structure – TCIAA

Profit & Loss (P&L)

Aeronautical revenues	Non-Aeronautical revenues	Operating Expenses
Passenger charges	Dues, Rents & Other Charges	Staff Costs
Aircraft charges	Parking facilities	Office & Administrative Expenses
Other Charges	Advertising	Maintenance
	Other Operational Income	Utilities
		Other Operating Expenses

Note: EBITDA level analysis, excludes Depreciation & Amortization Costs

Revenues are split between aeronautical revenues (passenger, aircraft and other charges) and non-aero revenues (mainly dues & rents and other operational income), while operating expenses have a higher detail of cost streams

Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ALG Analysis

To project at an airport level, the TCIAA P&L has been divided by airport based on historical traffic data and the size of each airport

Assumptions in the historical financial split by airport

Aeronautical revenues

Passenger related fees

- Historical passenger related revenue was split by airport **based on international traffic data** (no charge levied to domestic passengers), thus PLS is currently the only responsible of these incomes
- Based on historic pax fees and '23-'24 published revenues, **the rate of charged passengers was assumed to be ~90% to match both figures**

Aircraft related & other fees

- Historical aircraft related revenues charged by aircraft landing were split by airport **based on historical landing ATMs**, considering an average take-off weight by aircraft category:

A	B	C1	C2	D	E
2.5 t	**8 t**	**65 t**	**80 t**	**200 t**	**300 t**

- It was assumed that **25%** of the landing aircraft **were charged with parking fees**, with an additional **~4% overcharged due to late landing**

Non-Aeronautical revenues

- **Traffic and terminal surface are assumed to be the main drivers of non-aero revenues**; thus, these revenue streams were split based on traffic and terminal areas per airport, applying different factors to these drivers:

Non-Aeronautical revenues	Traffic factor	Terminal area factor
Rents	95%	5%
Finance and other charges	100%	-
Advertising	99%	1%
ID Card fees & other incomes	99%	1%
Car Park	-	-

- **An additional correction factor** was assumed to reflect that PLS is historically responsible for over 90% of the TCI traffic and, thus, most of the commercial revenue, as observed in the specific financials provided for this airport by the TCIAA
- Non-aero revenue streams for **Salt Cay and North Caicos were assumed to be null**
- Based on published financial statements and budgets, the total **Car Park revenue comes from Providenciales public car park**

Operating Expenses

Staff costs

- The **salaries and wages** per airport were estimated based on the **headcount allocated by island** and the published salaries per position
- **Other staff expenses** were split based on the **share of the payroll cost** per airport

Other operational costs

- The rest of operational costs were split analogue as the non-aero revenues, weighted by **traffic and terminal surface**:

Operating expenses		Traffic factor	Terminal area factor
Office and Admin	General costs	80%	20%
	IT	95%	5%
	Utilities	60%	40%
Rest of Operational cost	Prof. & Consultancy	100%	-
	Insurance	-	100%
	Maintenance	60%	40%

- An additional **correction factor was also applied for PLS expenses** (main cost generator), based on specific figures provided for PLS airport

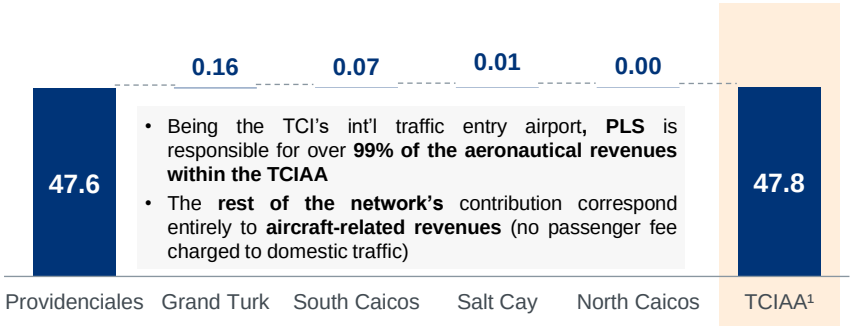
Aeronautical revenues per airport are derived from the regulated fees and the traffic data at each airport, while non-aeronautical revenues and operating expenses are estimated considering each airports' traffic and terminal area

Source: ALG analysis

TCIAA's profitability is mainly driven by Providenciales operations, since it is the only airport with a positive EBITDA

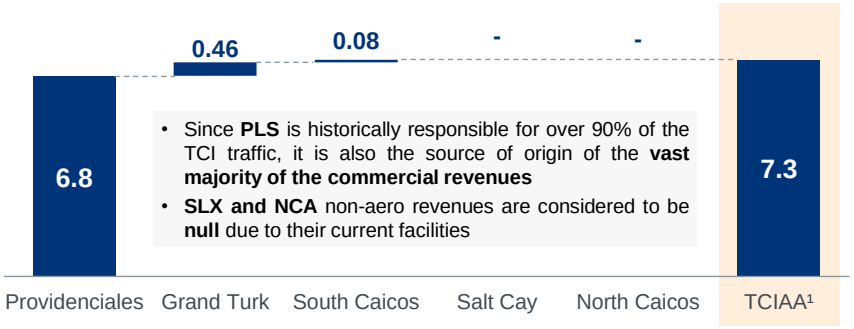
TCIAA financial split by airport (Fiscal Year 2024)

Aeronautical Revenues (MUSD, '23-'24)



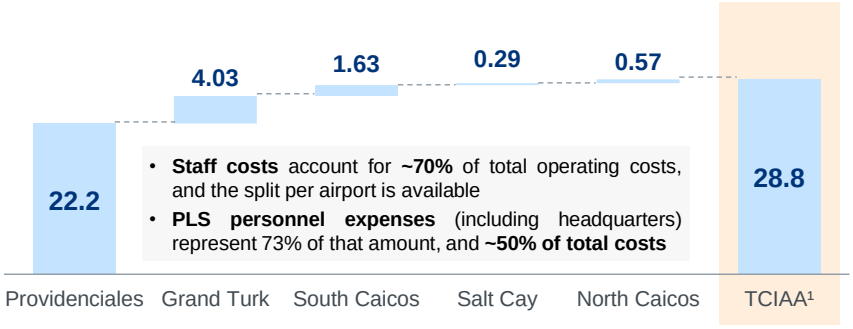
- Being the TCI's int'l traffic entry airport, **PLS** is responsible for over **99% of the aeronautical revenues within the TCIAA**
- The **rest of the network's** contribution correspond entirely to **aircraft-related revenues** (no passenger fee charged to domestic traffic)

Non-Aeronautical Revenues (MUSD, '23-'24)



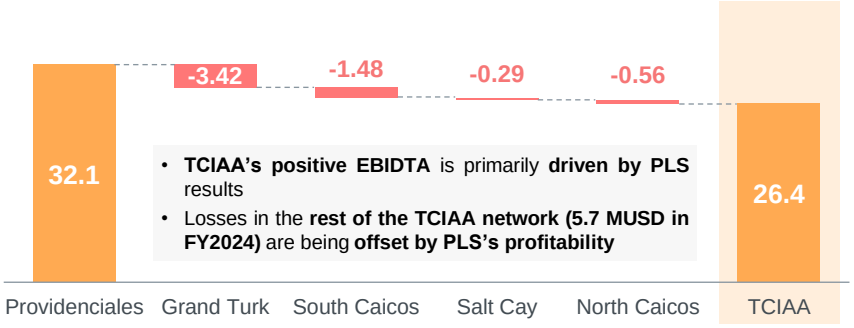
- Since **PLS** is historically responsible for over 90% of the TCI traffic, it is also the source of origin of the **vast majority of the commercial revenues**
- **SLX and NCA** non-aero revenues are considered to be **null** due to their current facilities

Operational Expenses (MUSD, '23-'24)



- **Staff costs** account for **~70%** of total operating costs, and the split per airport is available
- **PLS personnel expenses** (including headquarters) represent 73% of that amount, and **~50% of total costs**

EBITDA (MUSD, '23-'24)



- **TCIAA's positive EBIDTA** is primarily **driven by PLS** results
- Losses in the **rest of the TCIAA network (5.7 MUSD in FY2024)** are being **offset by PLS's profitability**

Based on TCI's historical traffic data and the size of each airport and specific figures provided for PLS, the estimated TCIAA financial split reflects the significance of PLS in the financial performance, accounting for ~99% of total revenues

Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ALG Analysis

Note: The fiscal years refer to years ending March 31st
[1] TCIAA totals are updated based on PLS Income Statement for FY24

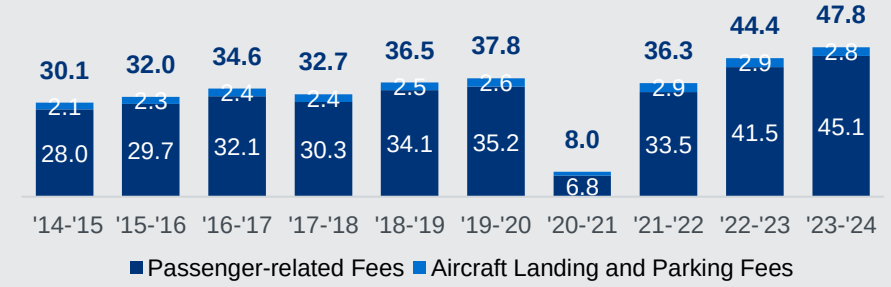
Content

Passenger fees at PLS add up to 85 USD per international departing pax; landing and parking fees are levied depending on aircraft's MTOW

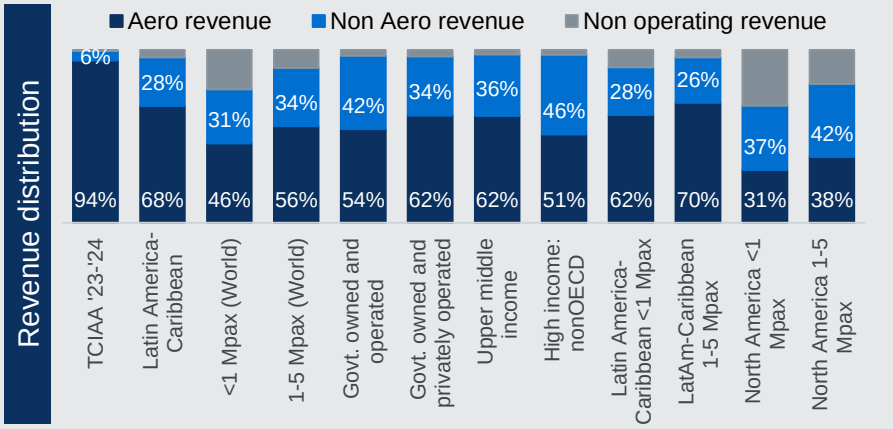
TCIAA Aeronautical revenues (2015-2024)

		Driver	USD	
Passenger related	Departure tax	INT departing pax	**29 USD**	*per pax, except for children <2 years old*
		DOM departing pax	**–**	
	Security charge	INT departing pax	**8 USD**	*per adult passenger (>12 years old)*
		DOM departing pax	**–**	
	Airport Terminal User fee	INT departing passengers (PLS & GDT)	**3 USD**	*per pax, except for children <2 years old*
	Environm. ease charge	INT departing passengers (PLS)	**5 USD**	
	Security recovery	INT departing passengers (PLS)	**5 USD**	*per pax, except for children <2 years old*
	Airport develop. charge	INT departing passengers (PLS)	**35 USD**	*per pax, except for children <2 years old*
Aircraft related	Landing Fee	Landing Aircraft Movement (it depends on the aircraft MTOW)	MTOW < 4,000 lbs: **10 USD** 4,000 lbs < MTOW < 6,000 lbs: **15 USD** 6,000 lbs < MTOW < 8,000 lbs: **25 USD** 8,000 lbs < MTOW < 10,000 lbs: **30 USD** 10,000 lbs > MTOW: < 200,000 lbs: 2 USD per 1,000 lbs *(min. 30 USD)* > 200,000 lbs: 1.75 USD per 1,000 lbs	
	Aircraft parking fee *<2h are free of charge*		MTOW < 10,000 lbs: **5$** *per day or part of* 30,000 lbs < MTOW < 60,000 lbs: **15$** *per day or part of* 120,000 lbs < MTOW < 180,000 lbs: **50$** *per day or part of* 240,000 lbs < MTOW < 300,000 lbs: **120$** *per day or part of* 420,000 lbs < MTOW < 480,000 lbs: **270$** *per day or part of* 540,000 lbs < MTOW < 6000,000 lbs: **370$** *per day or part of* 600,000 lbs > MTOW: **420$** *per day or part of*	

TCIAA's PASSENGER-RELATED FEES REPRESENT >93% OF AERONAUTICAL REVENUES



Benchmark of revenue distribution (% of total airport revenue)



Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ITA Matrix, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

Although current TCIAA fees & charges are aligned with Caribbean airports, new fares could be defined to follow international practices

Current status of TCIAA fees and charges

		Implemented at PLS	*Rest of the Network*	*Recommended by ICAO*	*Comments*
Passenger	Passenger service charge	✓	✓	✓	Security Charge and passenger-related fees only apply to international traffic as of today, since there are no charges for domestic traffic. Passenger fees in PLS are above benchmarks. PLS levies an Airport Development Charge which is used by the TCIAA to fund the development of the Airport.
	Security charge	✓	✓	✓	
Aircraft operations	Landing charge	✓	✓	✓	Aircraft related-fees regarding airport operations are aligned with ICAO recommendations, having a landing charge and a parking charge. As these are significantly below benchmark, it enhances TCI competitiveness. Noise & Emission charges are not implemented, in theory, as per the Airports Ordinance. However, an Environment Ease Charge is charged in PLS to passengers in airline tickets.
	Parking charge	✓	✓	✓	
	Noise & emissions charge	~	✗	✓	
ATC	Approach charge	✗	✗	✓	Currently, TCIAA charges 5 USD to all arriving commercial or private aircraft (Air Navigation Facility Fee). FAA is the Air Navigation Service Provider up until final approach phase to PLS, so the TCIAA does not charge any overflight charge.
	Route charge	✗	✗	✓	
Service provider	Handling charge	✓	✓	✓	It is unknown if there is a fuel charge, the documentation available does not show this information. PLS charges a fee for driving licenses to ground handlers in the apron and for the vehicles in the apron area (variable, depending on weight).
	Fuel charge	✗	✗	✓	
Other	Cargo Charge	✗	✗	~	Cargo charges are only levied at airports with a relevant cargo operation. This is not the case of TCI, so there is not a cargo charge.
Gov.	Government taxes	✗	✗	✗	The fact of not having Government taxes nor VAT ensures TCI competitiveness in the Caribbean region compared to some peers.

Source: VDR, OACI, ALG Analysis

It is proposed to keep the same passenger-related charges for all airports with int'l traffic and do not add a fee for the domestic segment

Current & proposed passenger fees & charges structure

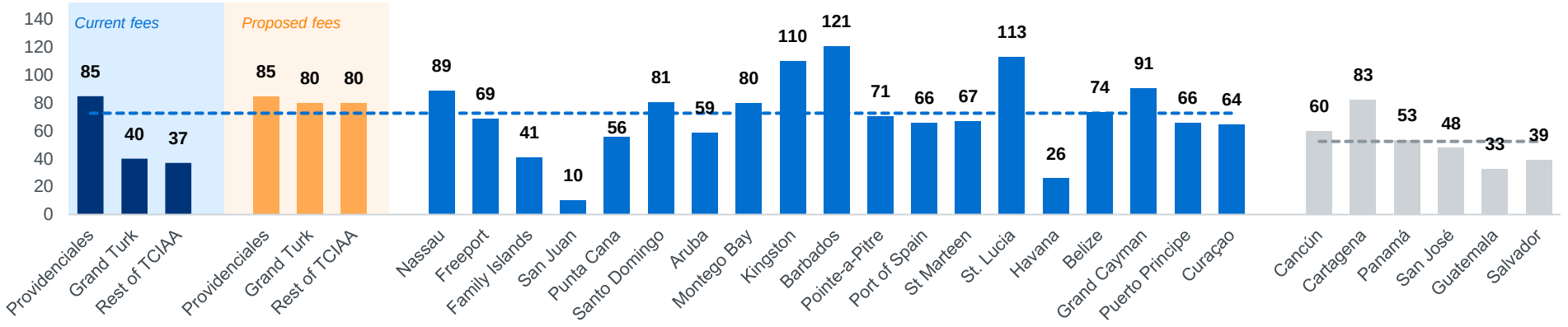
		Driver	Providenciales		Rest of the network		Rationale & Update Mechanism
			Current	Proposed	Current	Proposed	
Passenger related	Departure tax	INT departing passenger	29 USD	29 USD	29 USD	29 USD	• Charges are proposed to **be updated every 3 years**, based on the accumulated US CPI • **The base case scenario considers NO domestic charge**; a potential upside would be charging domestic passengers (excluding TCI nationals), according to best practices
		DOM departing passenger	–	5 USD (Upside)	–	5 USD (Upside)	
	Security charge	INT departing passenger	8 USD	8 USD	8 USD	8 USD	• Charges are proposed to be **updated every 3 years**, based on the accumulated US CPI • For domestic passengers, no additional charge has been considered at this point in the best case scenario
		DOM departing passenger	–	–	–	–	
	Airport Terminal User fee	INT departing passengers	3 USD	3 USD	3 USD (only GDT)	3 USD (Update)	• Charges will be reviewed and **updated every 3 years**, according to the accumulated US CPI • These charges should **apply to all the airports** with international traffic, not only to Grand Turk
	Environmental ease charge	INT departing passengers	5 USD	5 USD	–	5 USD (New)	
	Security recovery	INT departing passengers	5 USD	5 USD	–	–	• The **security recovery** fee will be updated **every 3 years** based on the acc. US CPI, while the **ADC** will remain **constant** • The ADC **applies to all the airports** with int'l traffic, but f**or PLS,** only 15 of these 35 USD will correspond to the TCIAA after the private party starts operations (20 USD for private)
	Airport development charge	INT departing passengers	35 USD	35 USD	35 USD	35 USD (Update)	

Passenger related charges are proposed to be updated every 3 years starting from 2024, based on the accumulated US CPI for these 3 years, except for the Airport Development Charge, which is expected to remain constant

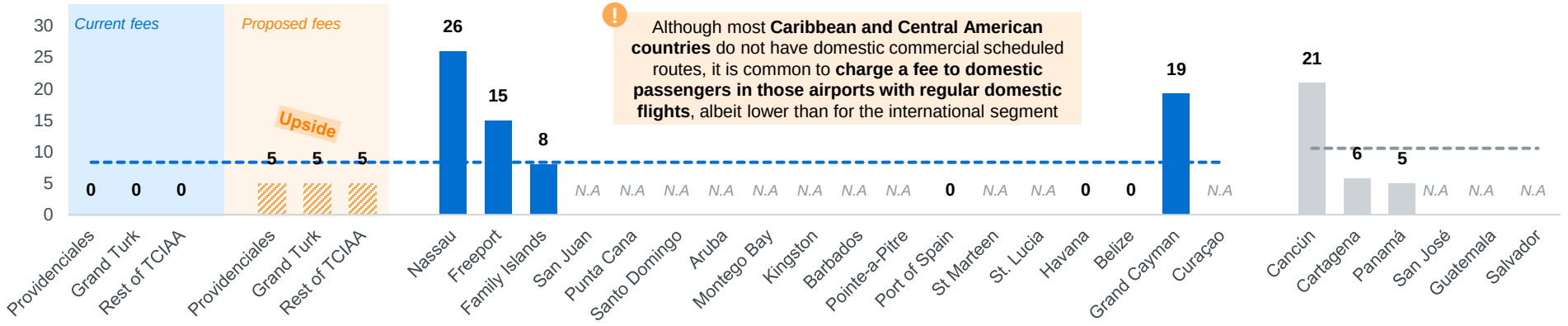
Source: TCIAA, ALG Analysis

TCI airports passenger fees are in line with LAC benchmarks, and the inclusion of the domestic fee (upside) would align them with peers

Benchmark of International Passenger Fees (USD/dep. pax, real 2023)



Benchmark of Domestic Passenger Fees (USD/dep. pax, real 2023)



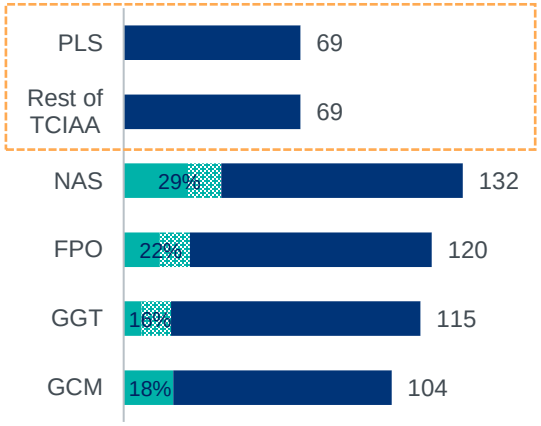
Although most **Caribbean and Central American countries** do not have domestic commercial scheduled routes, it is common to **charge a fee to domestic passengers in those airports with regular domestic flights**, albeit lower than for the international segment

Source: TCIAA, Financial Statements, ITA Matrix, ACI, ALG Analysis

When looking at the percentage of pax fees and taxes compared to the total air ticket price, TCIAA airports are aligned with the region average

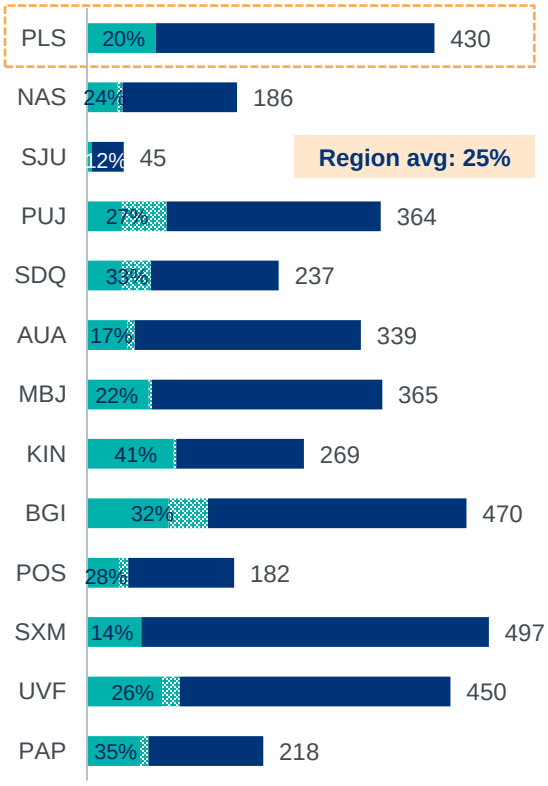
TCIAA's taxes comparison (USD, one-way ticket, prices for 19/11/2024)

Domestic flights

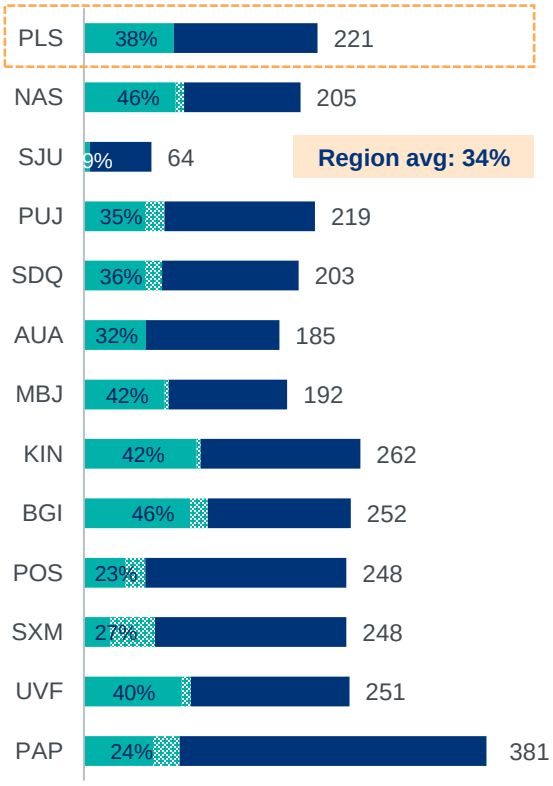


Current domestic flights in TCI do not have any passenger charges neither Government taxes. Other airports of the region charge between 15% and 30% per flight ticket, so TCIAA has certain margin for exploring this opportunity in the future. **Even with the introduction of a minimal fee** of 5 USD for this type of flight, **the percentage of fees and taxes within the total air ticket price would still be lower than in other neighbouring countries**

INT short-haul (destination MIA)



INT medium-haul (destination JFK)



Passenger fees | Govt. taxes (incl. VAT) | Rest of flight ticket price

Note: The percentage shown in the charts represents the weight of passenger fees and Government taxes within the total air ticket price

Source: ITA Matrix, ALG Analysis

A new aircraft charge is proposed (PBB use) to be added to the current structure as per industry trends

Current & proposed aircraft-related fees and other charges structure

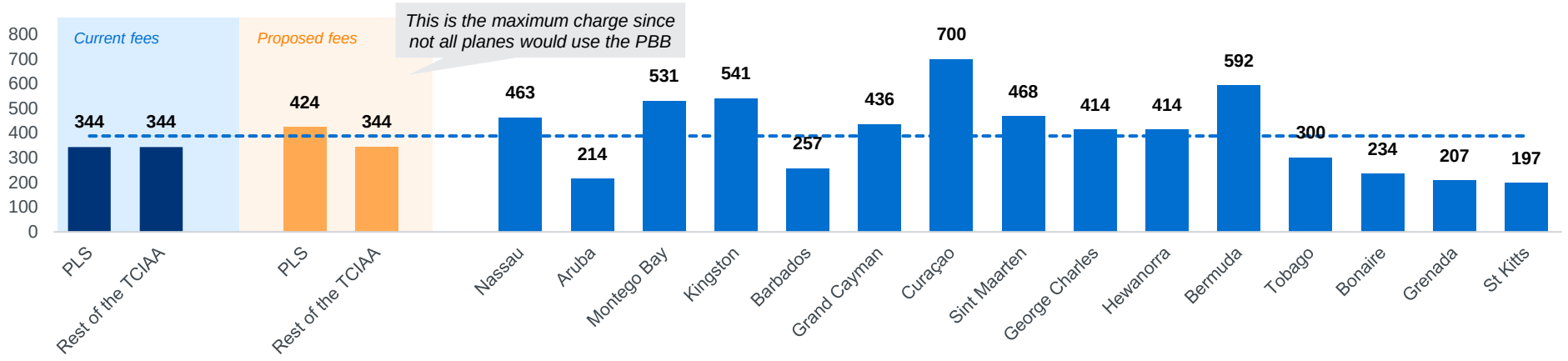
		Driver	Current Structure	Proposed Structure	Rationale & Update Mechanism
Aircraft related	Landing Fee	Landing Aircraft Movement (it depends on the aircraft MTOW)	344 USD/ATM (A320)	**344** USD/ATM (A320)	• Charges are proposed to be **updated every 3 years**, based on the **accumulated US CPI** • **Current charges are competitive, and it is recommended to keep the same structure**. In case of capacity constraints, differentiation can be made between peak vs. off-peak times
Aircraft related	Aircraft parking fee		50 USD/ATM (A320)	**50** USD/ATM (A320)	
Aircraft related	PBB fee	Landing Aircraft Movement	–	New **80** USD/ATM	• **It is proposed to charge for PBB use** (in PLS new terminal) according to best practices; this charge should also be **updated every 3 years**
Aircraft related	Other Charges	Landing Aircraft Movement (only int'l)	–	Upside 25 USD/ATM	• **A new Noise & Emissions charge could be a potential upside**, as it is a common industry practice
Other Fees	Air Navigation Facility Fee	Landing Aircraft Movement	5 USD/ATM	**5** USD/ATM	• Charges will be reviewed and **updated every 3 years**, according to the **accumulated US CPI**
Other Fees	Other Charges	All aircraft	–	–	• Other potential fees could be studied in the future, such as for overflight of its own airspace or tourism taxes, but are **not considered** at this point

The introduction of new charges or taxes must take into account that the country's competitiveness is not compromised by high fees

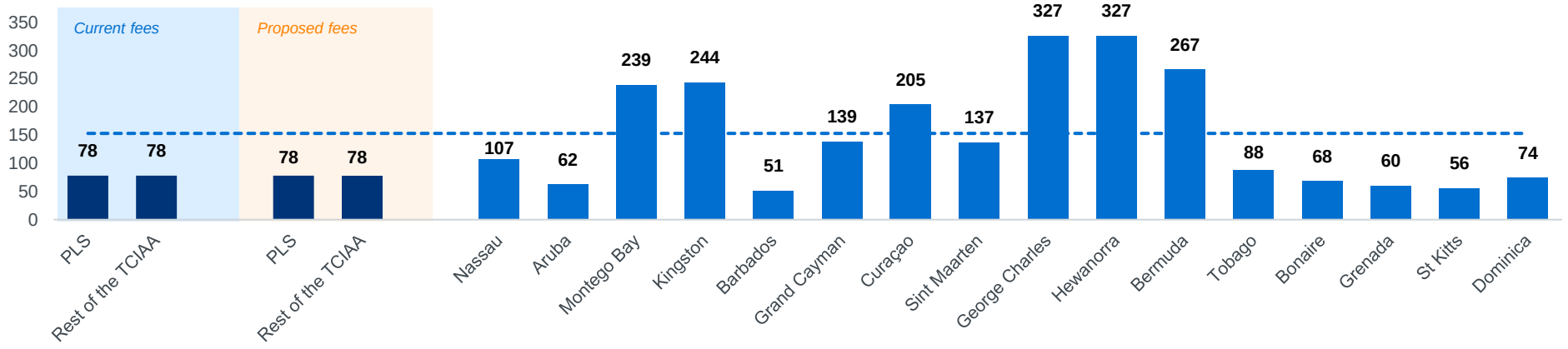
Source: TCIAA, Financial Statements, ITA Matrix, ACI, ALG Analysis

Aircraft-related charges are aligned with other Caribbean peers, although some have slightly higher fees due to having only int'l traffic

Benchmark of narrow-body aircraft airport charges (USD/turnaround, A320 - 78 Ton, real 2023)



Benchmark of regional aircraft airport charges (USD/turnaround, ATR-72 – 22.8 Ton, real 2023)

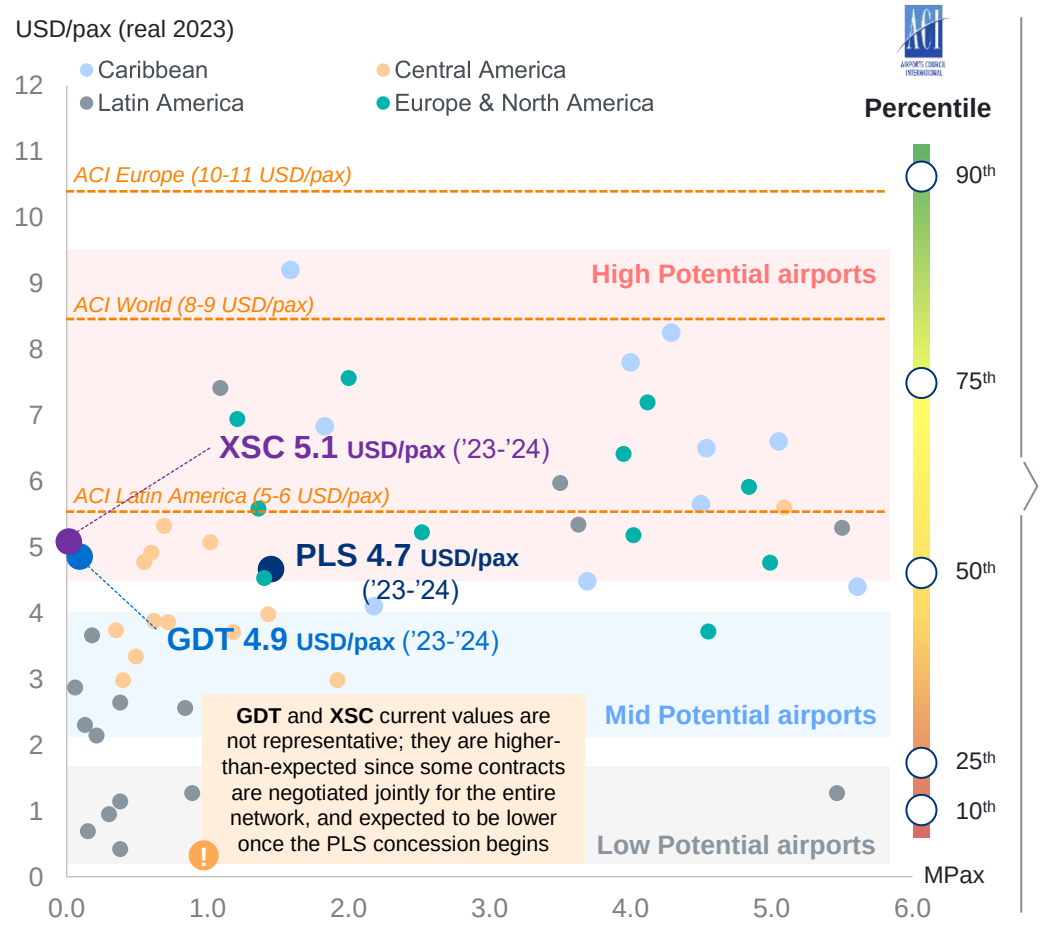


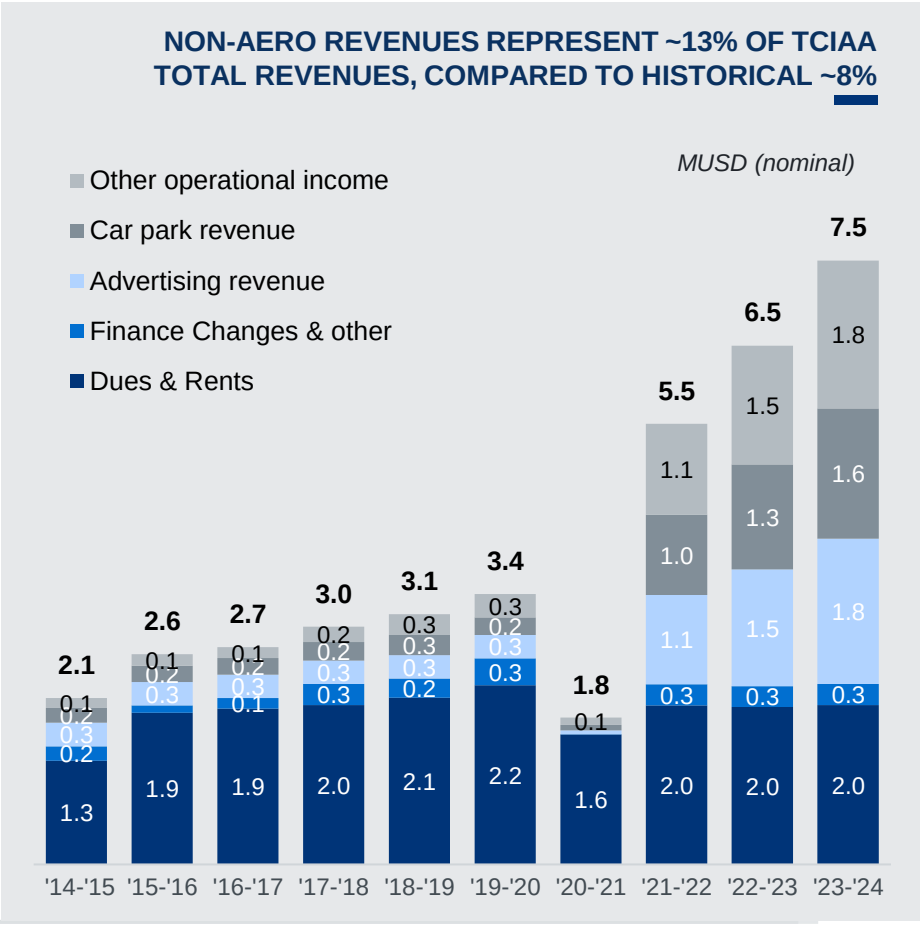
Source: TCIAA, Financial Statements, ITA Matrix, ACI, ALG Analysis

Content

PLS non-aero unit revenue is in the low range of high potential airports, while XSC & GDT are not representative (negotiated as a network)

TCIAA Non-Aeronautical revenues (2023)



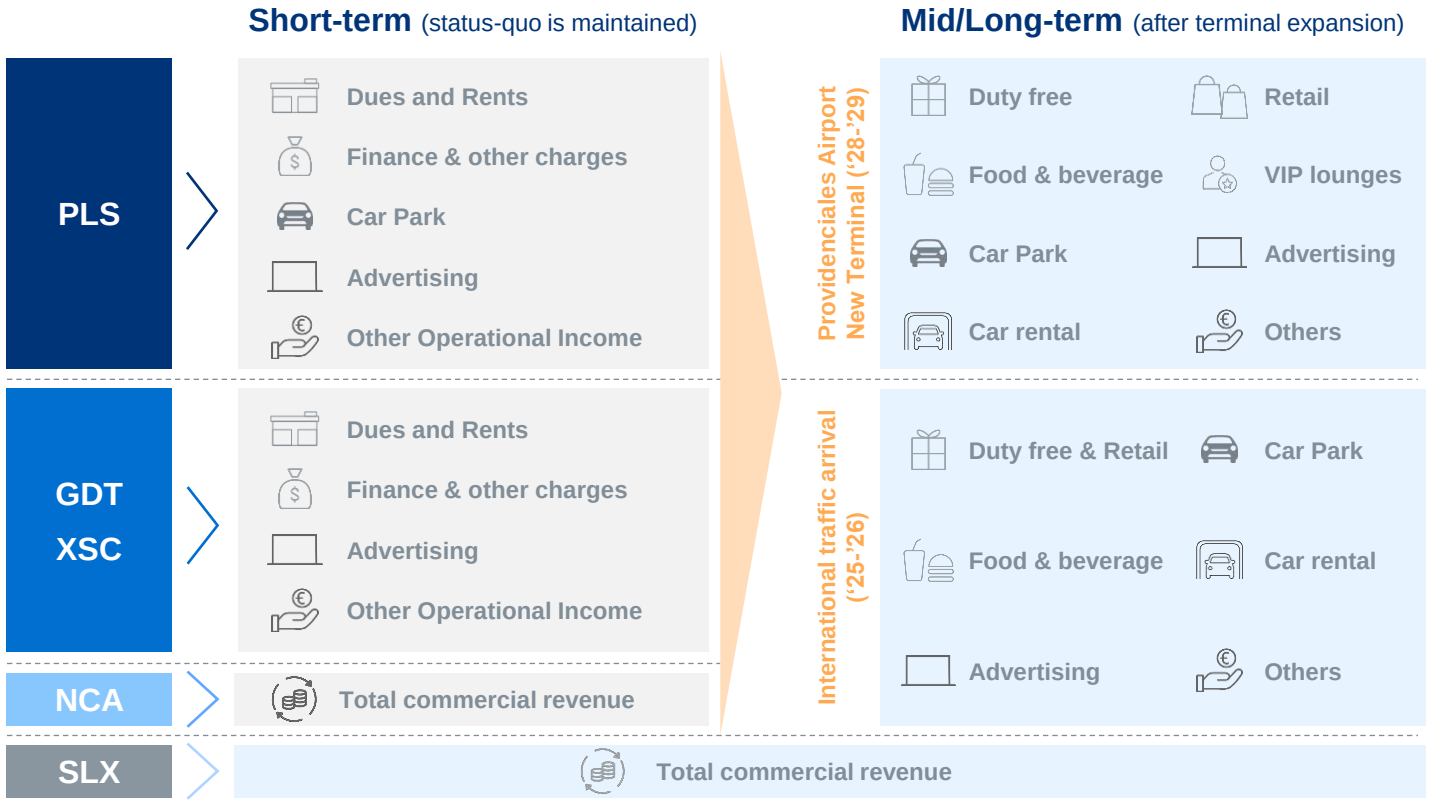


Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

Non-Aero revenues are projected with greater detail as expansions and new terminals are planned, resulting in more accurate forecasts

New commercial income streams for non-aero revenue forecast



- The retrofit and reconfiguration of current buildings and the construction of new ones would **increase the space available for commercial areas, with more strategic locations**, allowing a higher penetration and income
- **New contracts should aim to attract commercial businesses** with experience in both the region and the airport sector, resulting on an increase of unit sales per passenger
- **Premium spaces** for business travelers would also be considered in the increase of areas
- As **GDT, XSC and NCA car parks** would be improved, a revenue stream is expected for the operation of both facilities
- **Unit of total commercial revenue per pax** is projected for **SLX**, with increases due to traffic growth and new terminal construction

With the new terminal at PLS and the expansion of the other airports' ones, commercial revenues are expected to increase due to area growth, renegotiation and new commercial contracts, as well as int'l traffic at XSC, GDT & NCA

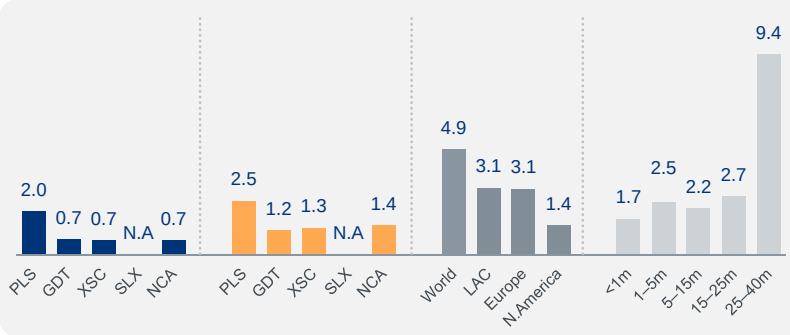
Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ALG Analysis

Non-Aero Revenues: Methodology is mainly based on achieving benchmark values and enhancing commercial performance (1/3)

Starting point and forecast rationale for non-aero revenues

Category	Unit revenue	Rationale

Duty Free (USD/pax)

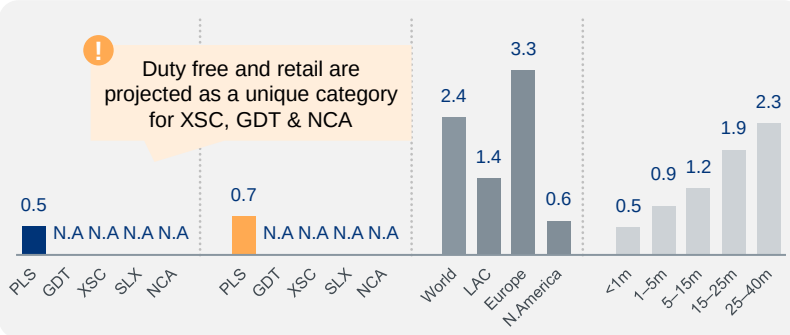


- **Duty free unit revenues are forecasted** applying **elasticities to traffic and terminal area growth**
- Starting values are assumed to be slightly below the benchmark, but **PLS is projected to align with the benchmark trend in the mid-term**
- GDT, XSC and NCA unit revenues are expected to remain below benchmark values, since duty free and retail are projected as a unique category for both airports

20% elasticity to pax

20% elasticity to area

Retail (USD/pax)



- **Retail unit revenue is initially set slightly below** most regional and size **benchmarks**
- As the new PLS terminal is planned for 2028, the occupation of retail area is expected to progressively increase, so **unit revenues are forecasted to be within the benchmark average** in the mid/long-term, reaching a unit revenue of 0.7 USD/pax

20% elasticity to pax

40% elasticity to area

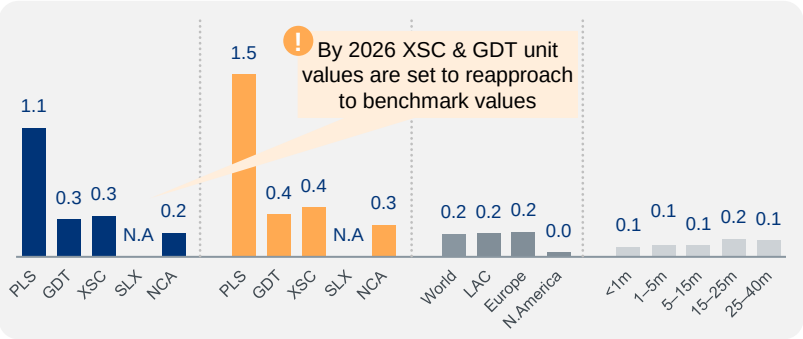
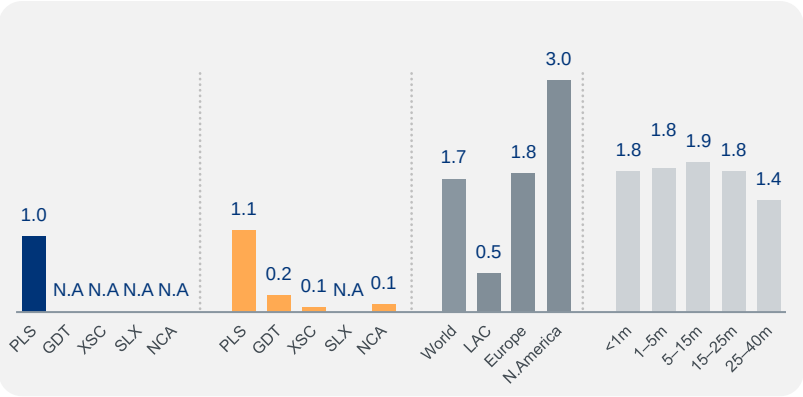
Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, ITA Matrix, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

[1] Starting point for PLS is '28-'29, for NCA is '27-'28 and for GDT and XSC is '25-'26

Non-Aero Revenues: Methodology is mainly based on achieving benchmark values and enhancing commercial performance (2/3)

Starting point and forecast rationale for non-aero revenues

Category	Unit revenue	Rationale
Advertising (USD/pax)		• **Advertising unit revenues are forecasted** taking as reference the unit historical values and **applying elasticities to traffic and terminal surface growths** • Starting point values are above the benchmark values, especially at Providenciales, so **unit revenues are projected to experience a steady growth as traffic increases** **5%** elasticity to pax **20%** elasticity to area
Car Park (USD/pax)		• **Car Park unit revenue at PLS is forecasted** based on unit historical values and applying **elasticities to traffic and parking capacity growths** • PLS car park unit revenue is slightly below airport size benchmark due to the passenger mix, but above the region ones • This category is set to grow with low elasticity to traffic **5%** elasticity to pax **20%** elasticity to area • **GDT, XSC and NCA car park revenues are projected as a percentage of PLS incomes due to the expected passenger mix**, starting once car parking facilities improvements are planned

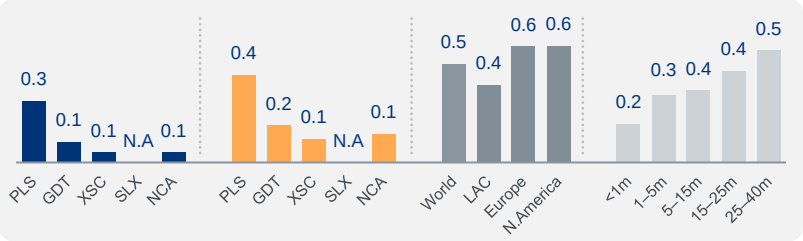
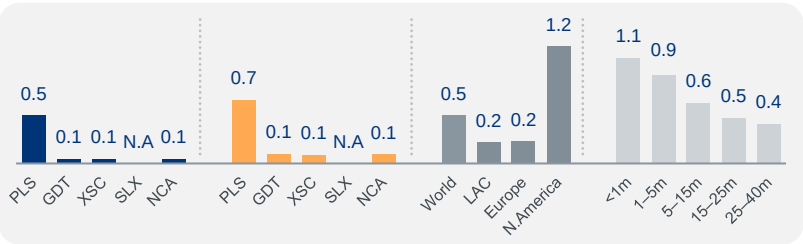
Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, ITA Matrix, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

[1] Starting point for PLS is '28-'29, for NCA is '27-'28 and for GDT and XSC is '25-'26

Non-Aero Revenues: Methodology is mainly based on achieving benchmark values and enhancing commercial performance (3/3)

Starting point and forecast rationale for non-aero revenues

Category	Unit revenue	Rationale
Food & Beverage (USD/pax)		• **Food and beverage unit revenues are in line with regional and size benchmarks** • **Forecasted unit revenues** in the mid/long-term estimated to be **slightly above benchmarks** due to the high-yield passengers in TCI **20%** elasticity to pax **5%** elasticity to area
Car Rental (USD/pax)		• **Unit car rental revenues** are based on average benchmark values, and projected applying elasticities to traffic and terminal surface growth • **Unit revenues are forecasted to be on the low range of the benchmark due to passenger profile**, especially secondary airports **20%** elasticity to pax **20%** elasticity to area
Other (USD/pax)		• Other income and revenue streams include **additional sources of revenue, which are non-aeronautical, yet non-commercial** (often including other financial types of income or accounting income, as well as one-off revenue occurrences). This category is expected to experience a slight increase between 2024 and 2055 **5%** elasticity to pax **10%** elasticity to area

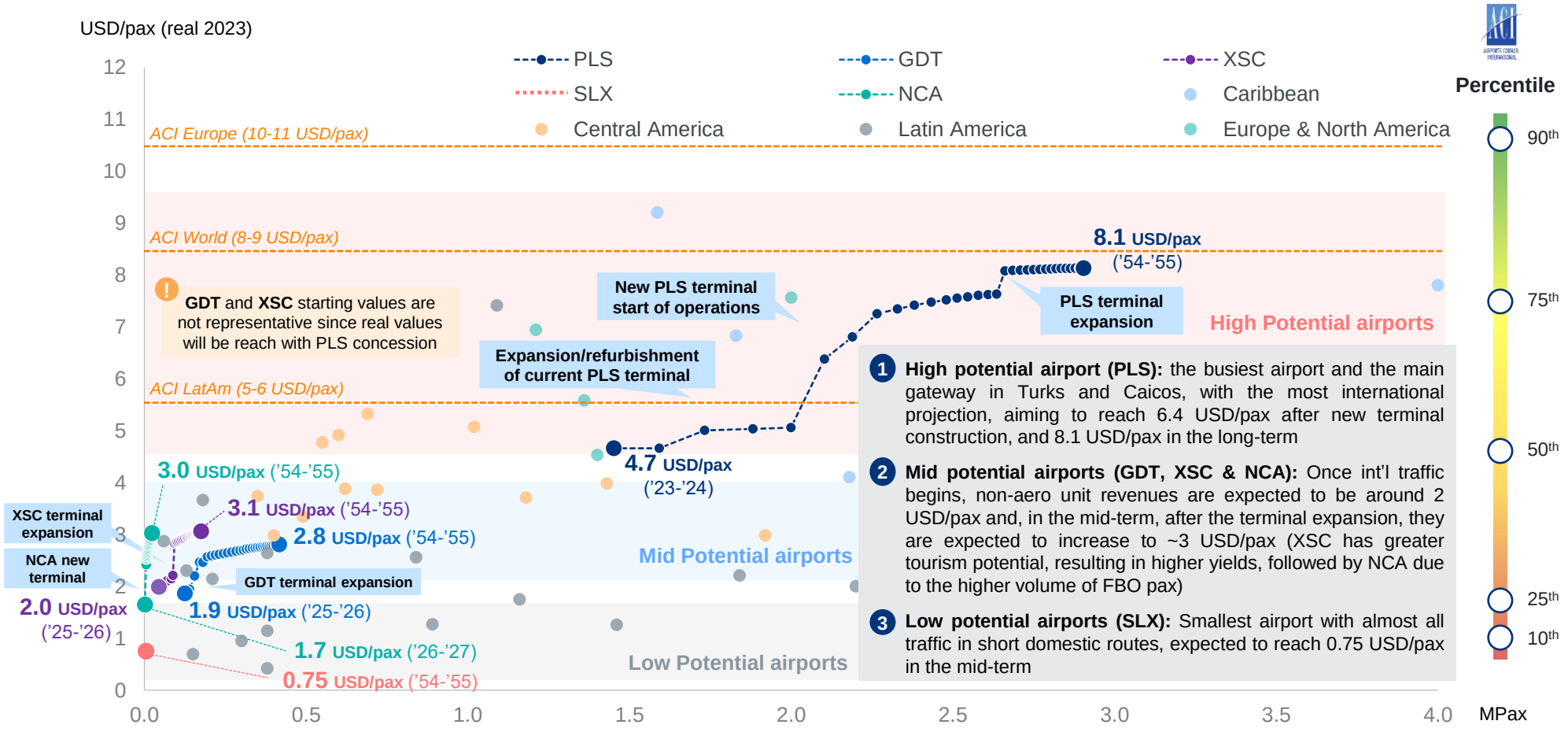
Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, ITA Matrix, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

[1] Starting point for PLS is '28-'29 and for GDT and XSC is '25-'26

Commercial revenues will increase after terminal expansions, aligning PLS to high potential airports and XSC, NCA & GDT to mid-potential

TCIAA Commercial Unit Non-Aeronautical revenue forecast per airport (2024-2055)



1. **High potential airport (PLS):** the busiest airport and the main gateway in Turks and Caicos, with the most international projection, aiming to reach 6.4 USD/pax after new terminal construction, and 8.1 USD/pax in the long-term
2. **Mid potential airports (GDT, XSC & NCA):** Once int'l traffic begins, non-aero unit revenues are expected to be around 2 USD/pax and, in the mid-term, after the terminal expansion, they are expected to increase to ~3 USD/pax (XSC has greater tourism potential, resulting in higher yields, followed by NCA due to the higher volume of FBO pax)
3. **Low potential airports (SLX):** Smallest airport with almost all traffic in short domestic routes, expected to reach 0.75 USD/pax in the mid-term

Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, TCI Ordinances, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

Opportunities in both existing business lines and new business ventures to explore within the network have been identified

Opportunities for commercial revenues improvement in TCIAA network

Unit revenues improvement in existing businesses

- **Duty free**
- **Retail**
- **Food & Beverage**

For these categories, a **fixed amount** is generally charged **based on the area of the store**, along with a **variable percentage based on sales**. In the LatAm & Caribbean region, for **retail** and **F&B**, this variable component **typically ranges from ~15-20%**, while for **Duty-free**, it is usually **~25-30%**

- It would be advisable to **review** these **variable percentages** to assess if there is potential for improving income margins from sales

- **Advertising**

- Contracts for specific advertising points in the airports, such as panels and multimedia displays, typically **charge only a fixed f**ee. However, it may be advantageous to **explore a variable rent model** (ranging between **40-60% of revenues** according to recommended practices)
- Additionally, it would be advisable to focus on **opportunities arising from terminal expansions and other areas planned in the short/medium term**

- **Car Park**

- It is recommended to review the revenues by airport to **identify those with potential for improvement**, considering traffic type and volume as well as the unique characteristics of each airport

- **Car rental**

- The airport typically charges car rental companies **a fixed fee for the space used**, along with a **variable rent** that is usually **~10% of rental revenues**
- It would be recommendable to **reassess these percentages** to determine if there is potential for **enhancing income margins from sales**

Explore new business lines and opportunities

- **VIP lounges**

- It could be considered to include small **VIP lounges** in some airports that could **attract travelers who are willing to pay for exclusive experiences**
- The relationship between these lounges and **FBOs** can be leveraged to create **seamless experiences for private jet passengers**

- **FBO**

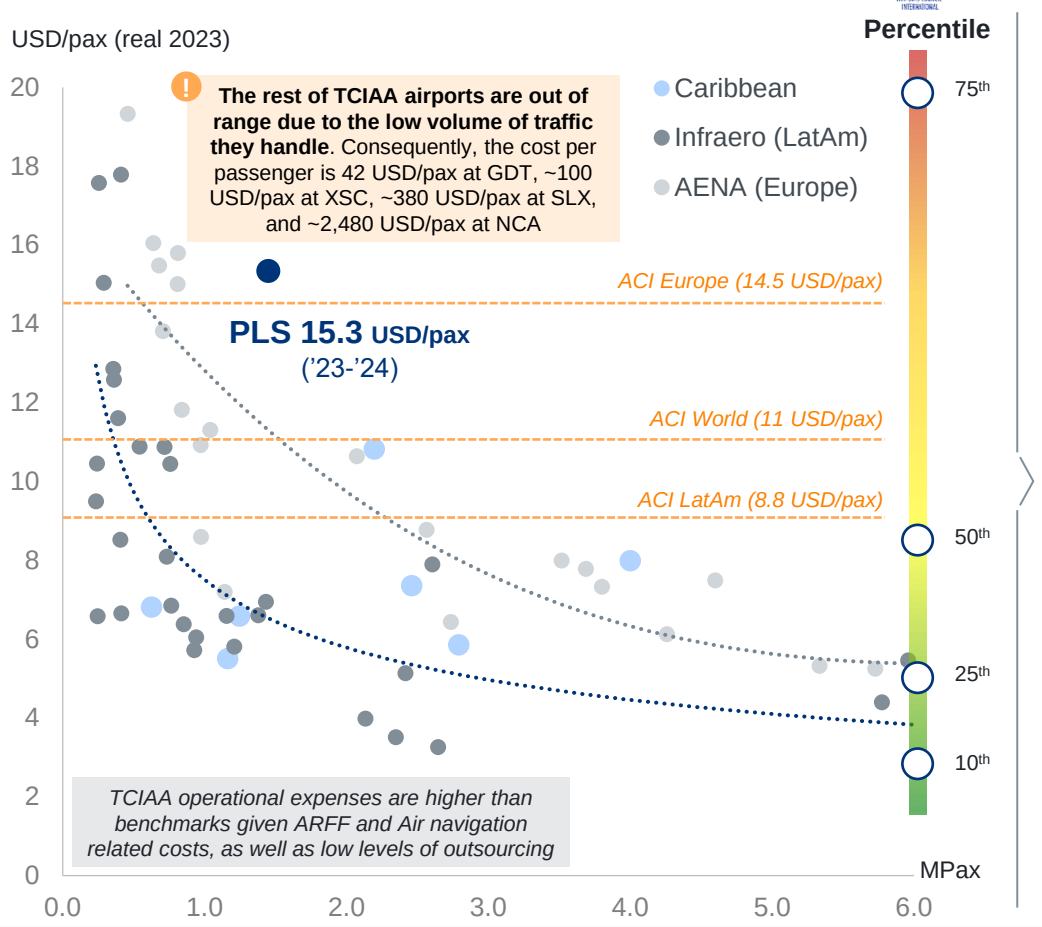
- **Services** ranging from **ground support for aircraft to passenger services** could be provided in **airports** with **significant corporate traffic**

Source: ALG Analysis

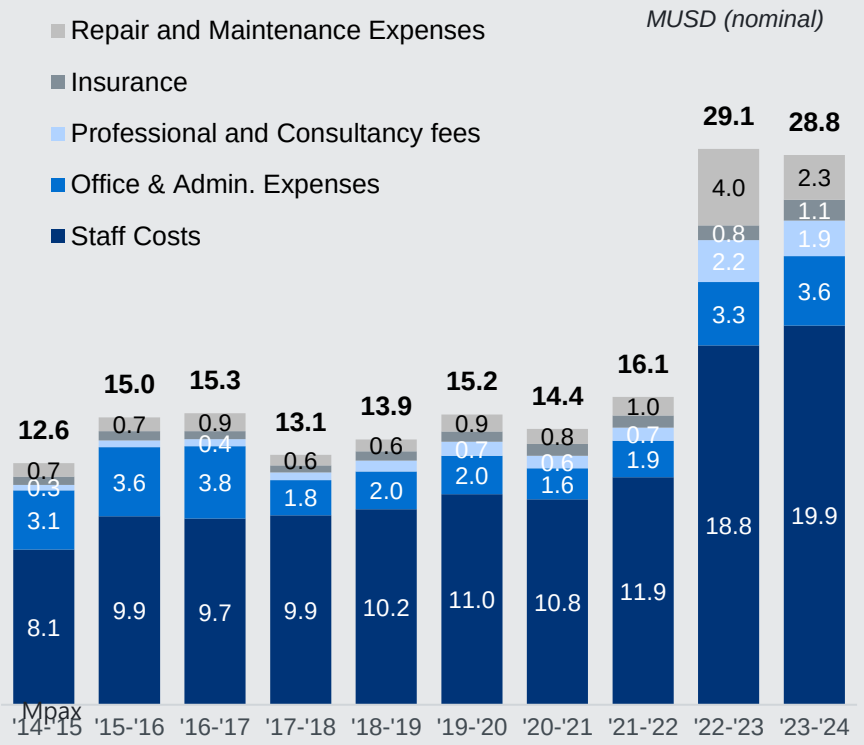
Content

PLS Operational Expenses are slightly above int'l references, while secondary airports are in the upper range of benchmark (>75th percentile)

TCIAA Operational expenses (2015-2024)



UNIT OPEX HAS RETURNED TO THE LEVELS OF 2014-2016, GIVEN THE NOTABLE INCREASE IN COSTS IN LAST TWO YEARS

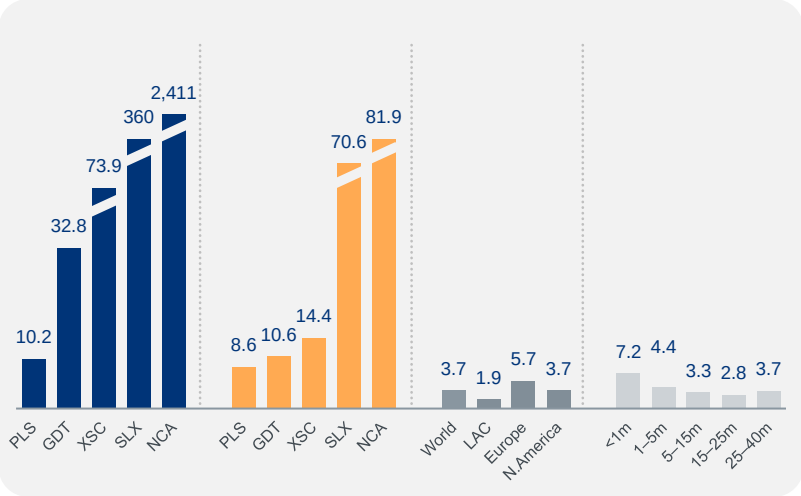
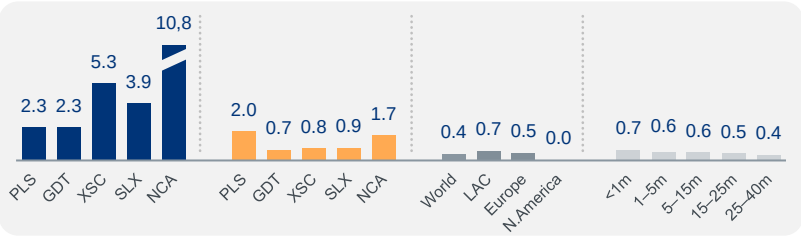


Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

OpEx: Methodology focuses on projecting costs by applying elasticities to pax volume & terminal area, with an additional uplift above CPI (1/2)

Starting point and forecast rationale for operating expenses

Category	Unit revenue	Rationale
Personnel expenses (USD/pax)		• The **number of employees is projected** based on the detailed organizational structure per airport, applying **elasticities to traffic and terminal area growth.** A **salary increase over CPI is also considered** • **Additional 53 FTEs are included in FY2025**, since they are already approved in budget
Office and Admin (USD/ pax)		• **Unit office expenses for all airports are above benchmarks**, although they are expected to experience a decline in 2055 compared to 2024, helped by the increase in passenger traffic

Categories	Elasticity to Traffic	Elasticity to Area	Additional uplift over CPI
Aerodrome & ATS	15%	10%	0.25 p.p.
CEO Office, Deputy CEO, Finance	-	-	0.25 p.p.
IT and Projects	5%	-	0.25 p.p.
Maintenance	10%	15%	0.25 p.p.
Security	5%	10%	0.25 p.p.
Terminal	10%	20%	0.25 p.p.
HR	5%	-	0.25 p.p.
MET & Fire Service	-	-	0.25 p.p.

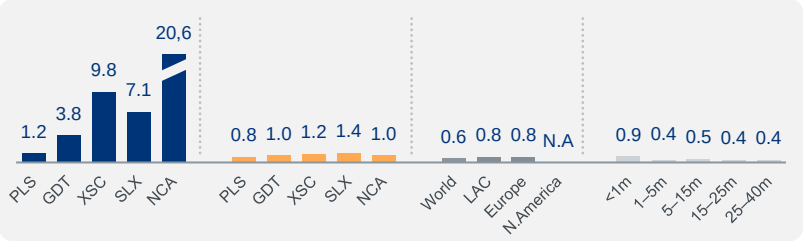
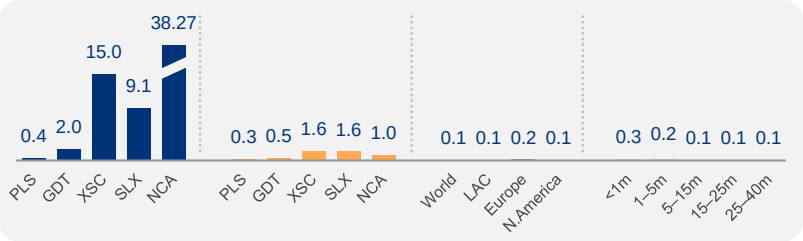
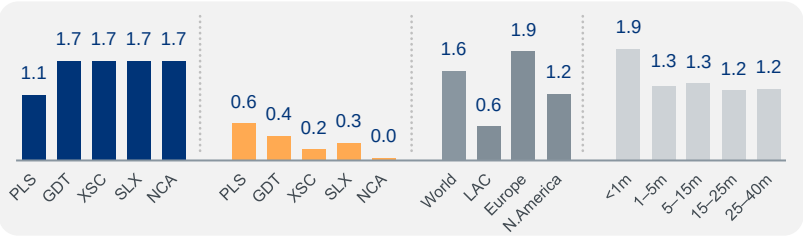
Categories	Elasticity to Traffic	Elasticity to Area	Additional uplift over CPI
General costs	10%	20%	-
IT	10%	20%	-
Utilities	15%	40%	0.25 p.p.

Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

OpEx: Methodology focuses on projecting costs by applying elasticities to pax volume & terminal area, with an additional uplift above CPI (2/2)

Starting point and forecast rationale for operating expenses

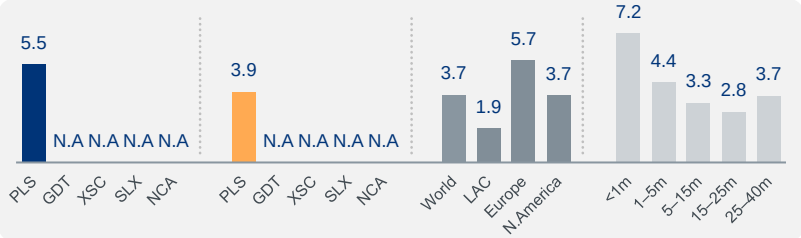
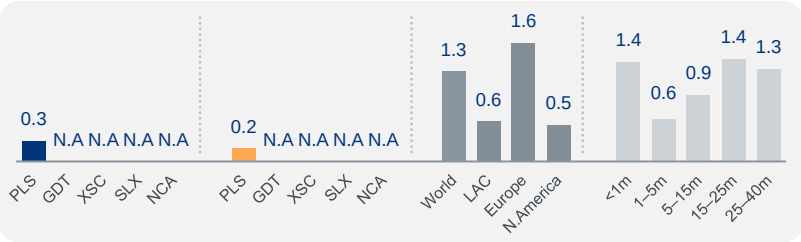
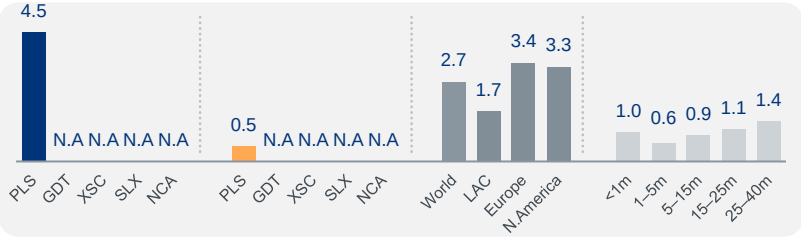
Category	Unit revenue	Rationale
Maintenance (USD/pax)		• **Maintenance costs per passenger** are above the benchmark values, especially at secondary airport, but **eventually align with the benchmark data as traffic increases** • This category is set to grow with medium elasticities to traffic and area **10%** elasticity to pax | **10%** elasticity to area | **-** uplift over CPI
Insurance (USD/pax)		• These **costs are projected** by applying **elasticities to both traffic** growth and **terminal area** expansion • **Insurance costs per passenger are in line with international benchmarks**, except for PLS, which are slightly above the benchmark **5%** elasticity to pax | **5%** elasticity to area | **-** uplift over CPI
Other OpEx (USD/pax)		• The **other OpEx category includes** costs related to **"Professional & Consultancy" services** • Unit costs are **NOT fully comparable** with regional benchmarks as this values include additional services such as accounting and auditing **5%** elasticity to pax | **5%** elasticity to area | **-** uplift over CPI

Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

OpEx: Following the PPP contract, PLS costs will be mostly transferred to the private party, but new expenses for the TCIAA will arise

Starting point and forecast rationale for operating expenses – PPP monitoring

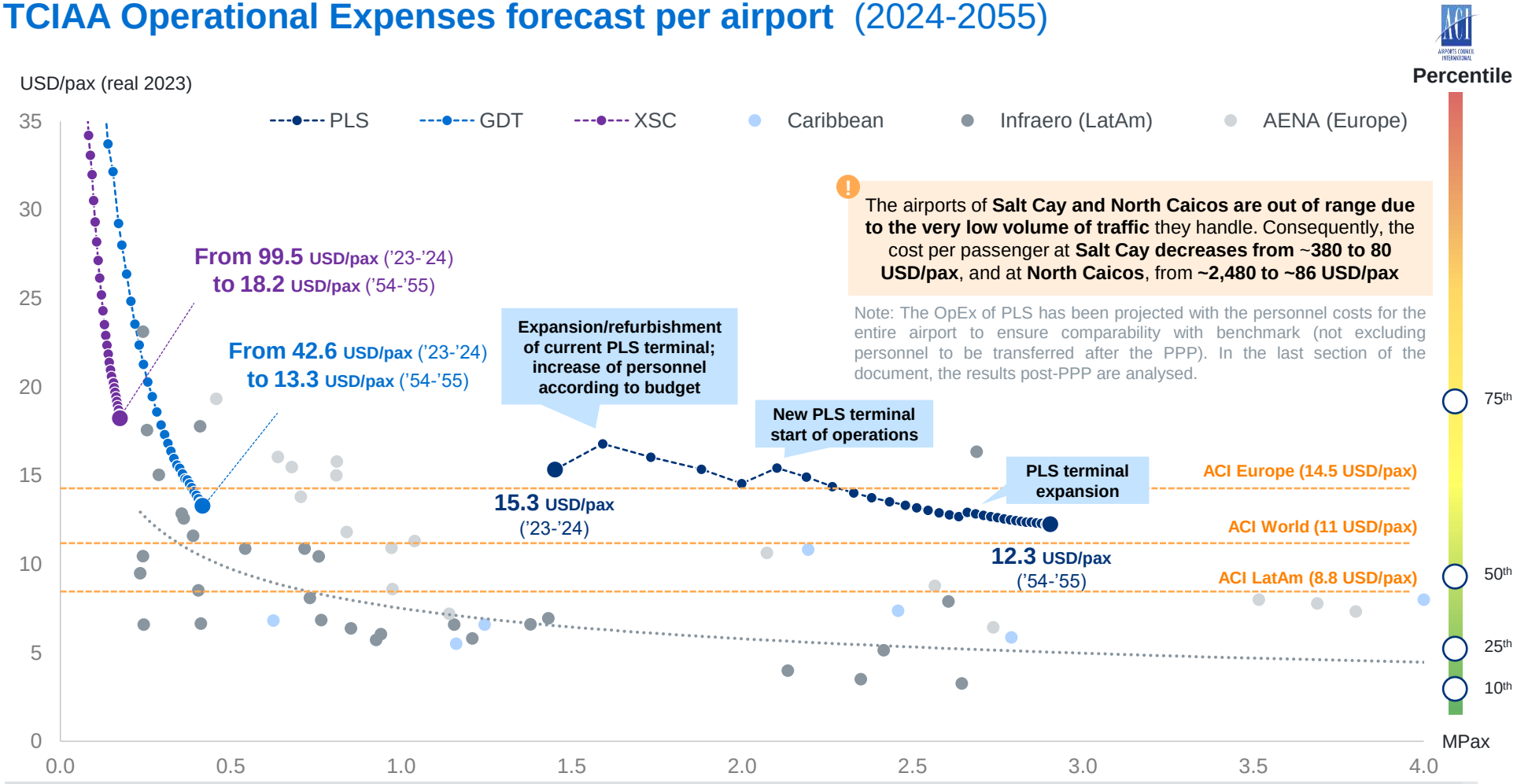
Category	Unit revenue	Rationale
	Starting Point ('24-'25) / Unit Cost Forecast ('54-'55) / Benchmark by region (ACI) / Benchmark by size (ACI)	Note: These 3 categories are only used after the implementation of PLS PPP
TCIAA Headquarters personnel, incl. PPP monitoring unit (USD/pax)		• **Staff to remain within the TCIAA** is based on its organizational structure and the transferring agreement (work-in-progress) • **Personnel of the new PPP monitoring unit is also included** • The **number of employees is forecasted** with the same methodology **0-15%** elasticity to pax / **0-20%** elasticity to area / **0.25 p.p.** uplift over CPI
TCIAA offices & other rents (USD/pax)		• It has been considered that the TCIAA will pay a **rental to the concessionaire for the use of its offices** after PLS is transferred • These **costs are calculated based on ground floor rental references** and are **projected by applying elasticities to traffic growth** **10%** elasticity to pax / **-** elasticity to area / **-** uplift over CPI
Consultancy services (USD/pax)		• **Consultancy costs required by the TCIAA headquarters** for the monitoring of PLS PPP contract and other potential assignments at PLS • These costs are projected by applying **elasticities** to **traffic** growth, expected to remain almost flat **3%** elasticity to pax / **-** elasticity to area / **-** uplift over CPI

Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

Unit OpEx are slightly above comparable airports, especially in secondary airports due to the low traffic and current starting point

TCIAA Operational Expenses forecast per airport (2024-2055)



Source: TCIAA Financial Statements, TCI Budget, Financial Highlights, ACI, ALG Analysis

Note: The fiscal years refer to years ending March 31st

Opportunities for cost reduction in certain categories and a variety of options for cost optimization have been identified

Opportunities for operational expenses improvement in TCIAA network

Create new models in existing costs

Personnel Expenses

- **Assessment of the personnel cost structure by airport** identifying areas where labor expenses can be optimized through the implementation of more efficient hiring practices, as well as reviewing workload based on the type of operations and the specific functions of each airport
- **Explore opportunities to enhance flexibility** in resource allocation regarding shifts, schedules, and other drivers

Operational Costs (ex. Staff)

- **Analysis of cost distribution within the TCIAA network**, identifying patterns in unit costs across various types of operations and the characteristics of the involved businesses
- Identification of **operational models with room for improvement** at a contractual level, analyzing existing billing modalities and comparing them with recommended practices

Explore future strategic opportunities

Internalization of recurring costs

- **Identification of cost categories that could be internalized** to enhance respective unit costs and profit margins, particularly those that do not require extensive practical knowledge

Considerations for medium/long-term developments

- **Developing a network of eco-efficient and scalable airports** that optimize their processes is essential for reducing future costs
- For coming developments, it is advisable to **implement eco-efficiency strategies** aimed at **reducing** energy consumption and, therefore, **operational costs**
- This involves prioritizing the use of **sustainable materials**, **efficient terminal designs** and the installation of **energy-efficient technologies**, like high-efficiency LED lighting system or rainwater collection and reuse systems
- Besides, an assessment of operational costs distribution across the entire network should be conducted to identify categories where **economies of scale** can be achieved, enabling the **centralization of essential services and resources**, such as maintenance and technology

Source: ALG Analysis

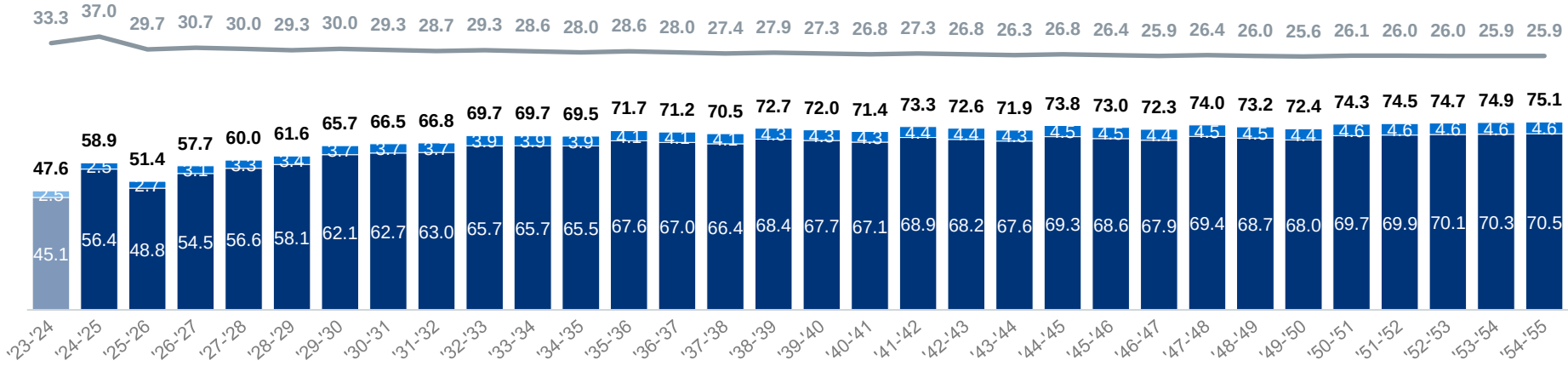
Content

Aero revenues are expected to reach 75 MUSD by 2055 after growing at an annual average 1.5% rate; unit aero rev. will remain in the upper range

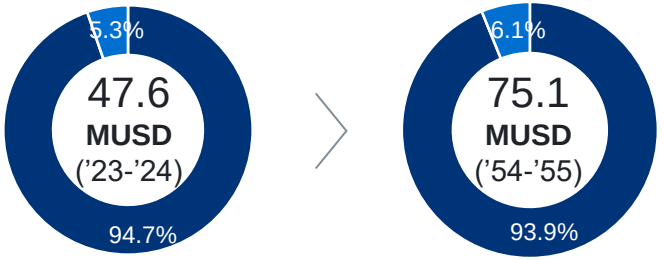
Aeronautical Revenues Forecast (MUSD real 2023)

Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Passenger	3.5%	2.1%	1.5%
Aircraft and others	4.1%	2.8%	2.0%
Total aeronautical revenues	**3.5%**	**2.1%**	**1.5%**

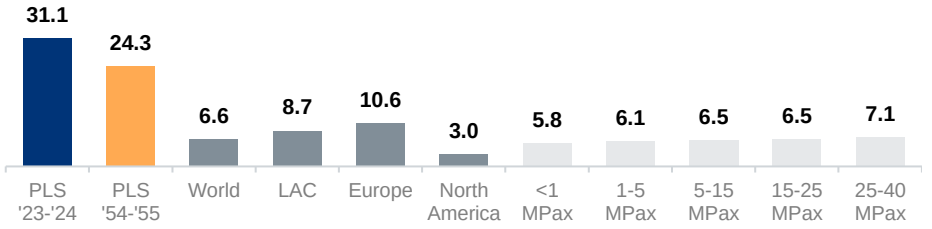
Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Unit aero rev per pax (USD)	-1.6%	-1.0%	-0.8%



Share of Aero Revenues (2024 vs. 2055)



Benchmark of Unit Passenger-related Aero Rev. (USD/pax. real 2023)



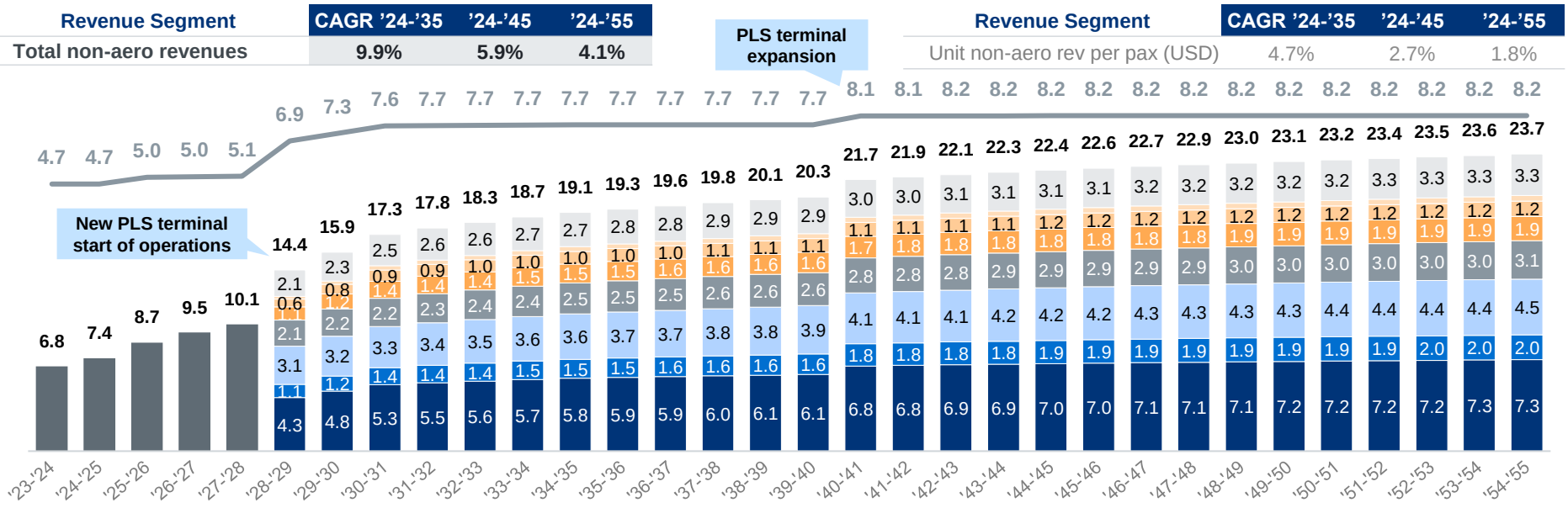
Source: TCIAA, ACI, ALG Analysis

Note: This is the projection for the airport under the current status quo. In the following chapter, the results post-PPP will be analyzed

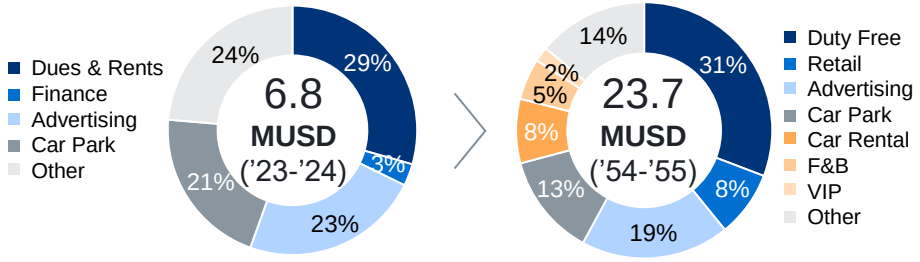
Non-aero revenues are expected to experience a ramp-up after PLS new terminal, with unit non-aero rev. improving to better align with benchmarks

Non-Aeronautical Revenues Forecast (MUSD real 2023)

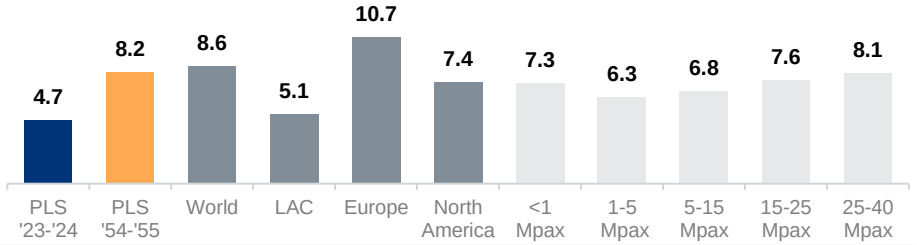
Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Total non-aero revenues	9.9%	5.9%	4.1%
Unit non-aero rev per pax (USD)	4.7%	2.7%	1.8%



Share of Non-Aero Revenues (2024 vs. 2055)



Benchmark of Non-Aeronautical Unit Revenues (USD/pax. real 2023)



Source: TCIAA, ACI, ALG Analysis

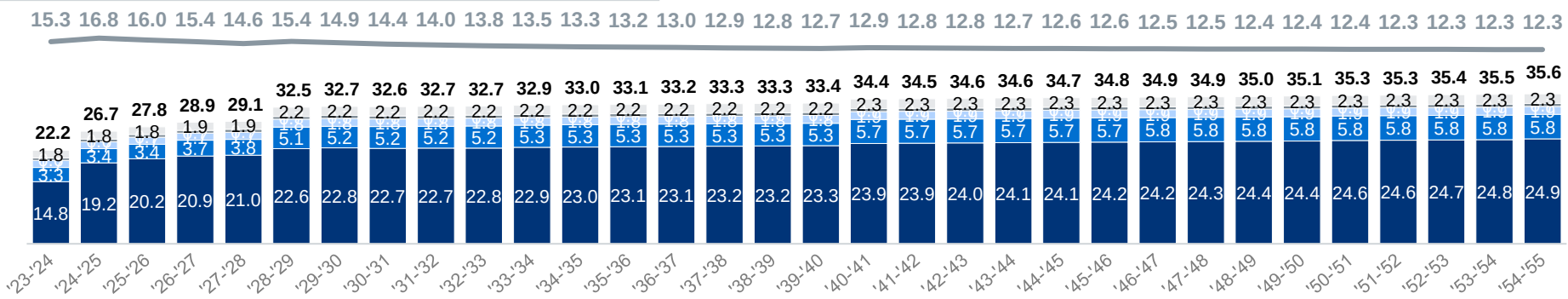
Note: This is the projection for the airport under the current status quo. In the following chapter, the results post-PPP will be analyzed

OpEx is expected to reach ~35 MUSD by 2055, growing at a 1.5% annual rate and unit OpEx will decrease ~20%, approaching to benchmark avg.

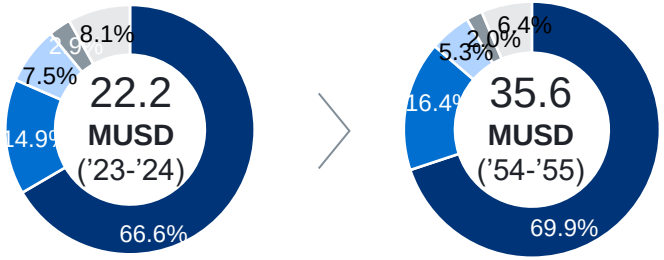
Operational Expenses Forecast (MUSD real 2023)

Expense Segment	CAGR '24-'35	'24-'45	'24-'55
Staff Costs	4.1%	2.3%	1.7%
Office & Administration	4.3%	2.6%	1.8%
Professional & Consultancy fees	0.9%	0.6%	0.4%
Insurance	0.9%	0.6%	0.4%
Repair and Maintenance	1.8%	1.1%	0.8%
Total operating expenses	**3.7%**	**2.1%**	**1.5%**

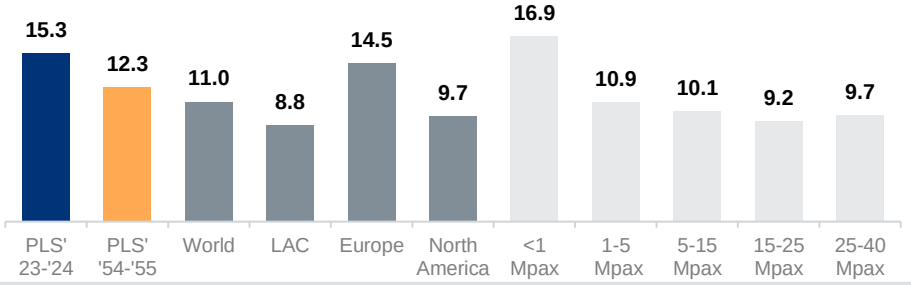
Expense Segment	CAGR '24-'35	'24-'45	'24-'55
Unit opex per pax (USD)	-1.3%	-0.9%	-0.7%



Share of Operating Expenses (2024 vs. 2055)



Benchmark of Unit Operating Expenses (USD/pax. real 2023)

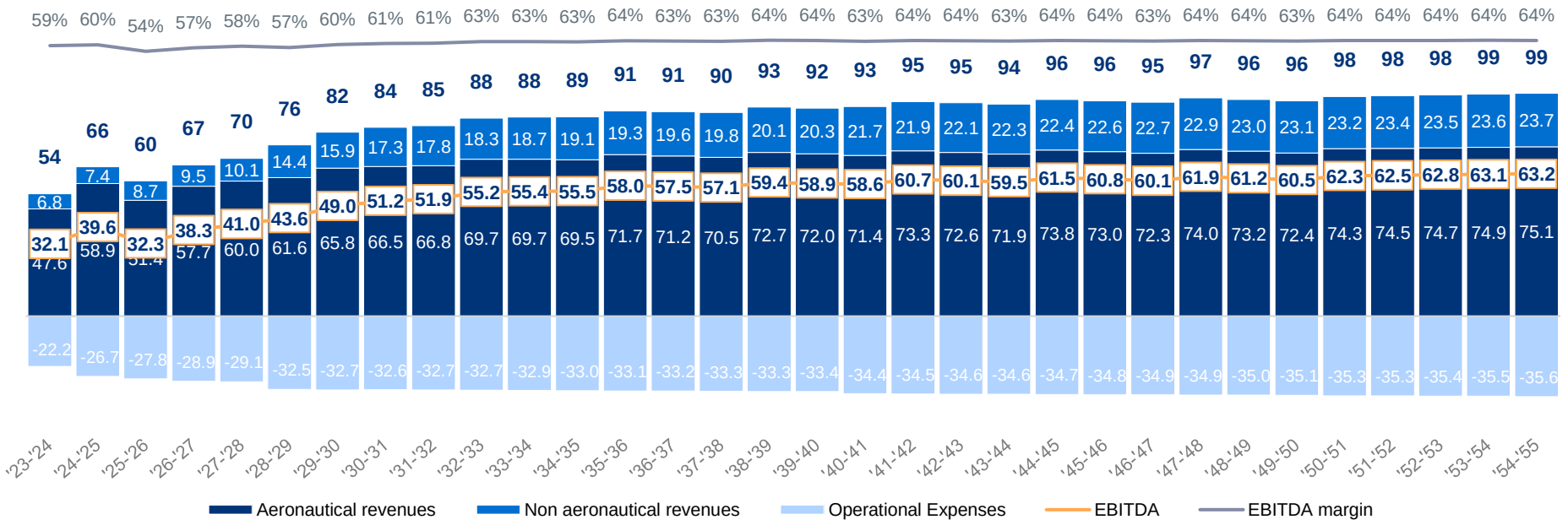


Source: TCIAA, ACI, ALG Analysis

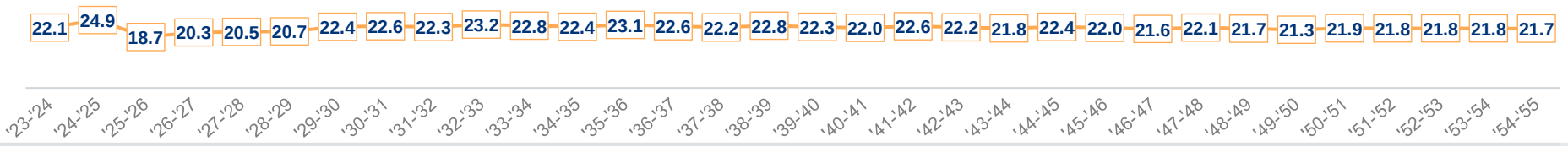
Note: The OpEx of PLS has been projected with the personnel costs for the entire airport to ensure comparability with benchmark (not excluding personnel to be transferred after the PPP). In the last section of the document, the results post-PPP are analysed.

EBITDA is expected to reach ~63 MUSD by 2055, with an average EBITDA margin of 61%, slightly above current levels

EBITDA Forecast (MUSD real 2023)



EBITDA per pax (USD/pax. 2024-2055)



Source: TCIAA, ALG Analysis

Note: This projection considers the personnel costs for the entire airport (not excluding personnel to be transferred after the PPP). In the last section of the document, the results post-PPP are analysed.

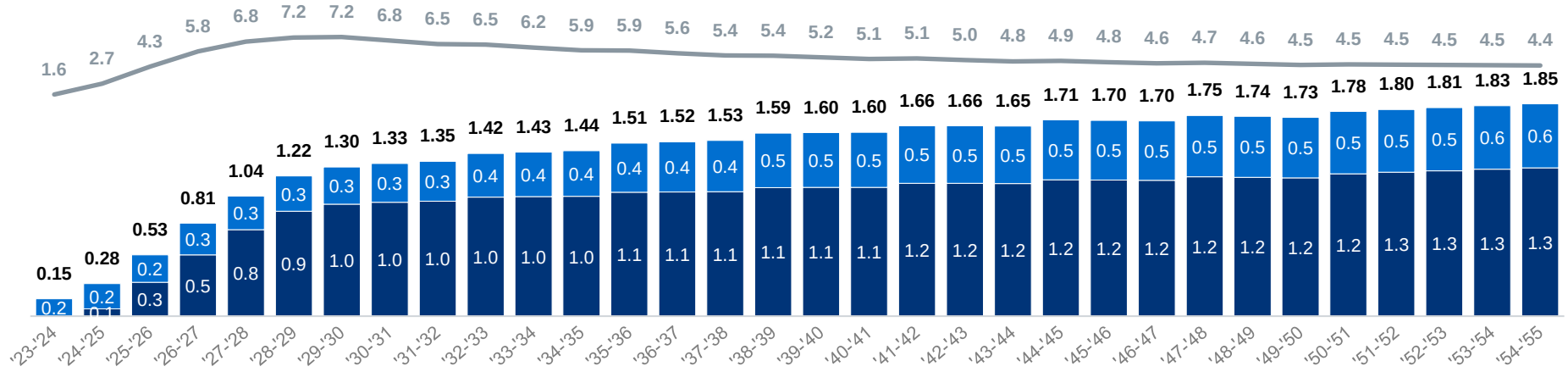
Content

Aero revenues are expected to reach 1.9 MUSD by 2055 (8.4% CAGR), with a unit revenue below benchmark due to the high mix of domestic pax

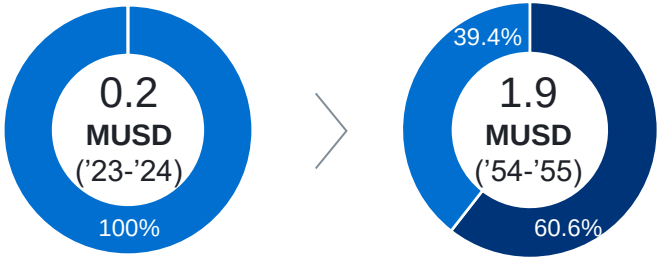
Aeronautical Revenues Forecast (MUSD real 2023)

Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Passenger	-	-	-
Aircraft and others	9.1%	6.0%	4.3%
Total aeronautical revenues	**22.6%**	**12.2%**	**8.4%**

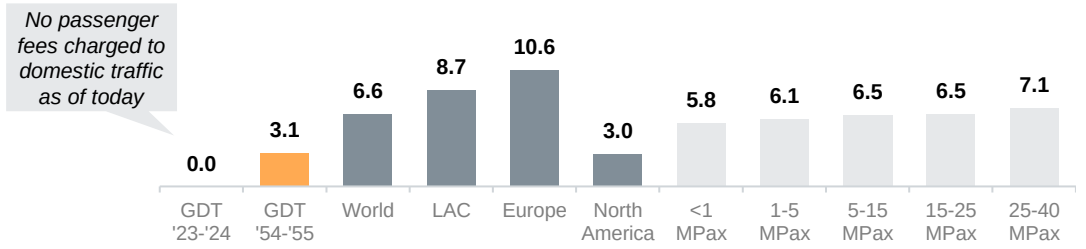
Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Unit aero rev per pax (USD)	12.5%	5.4%	3.3%



Share of Aero Revenues (2024 vs. 2055)



Benchmark of Unit Passenger-related Aero Rev. (USD/pax. real 2023)



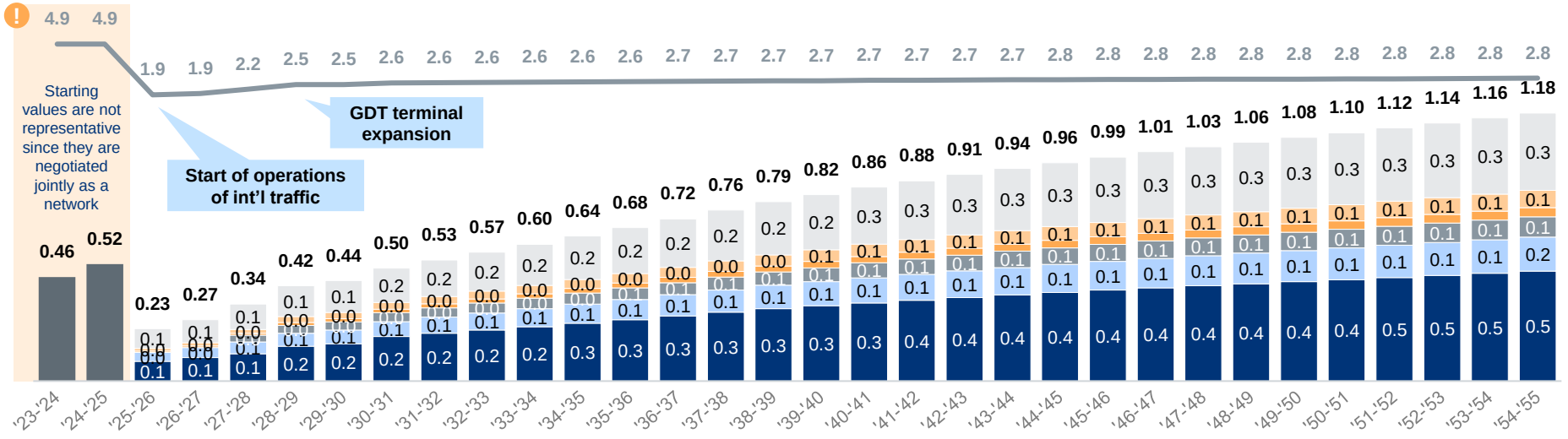
Source: TCIAA, ACI, ALG Analysis

Unit non-aero revenues are expected to grow steadily and reach 2.8 USD/pax by 2055, following a ramp-up due to the terminal expansion

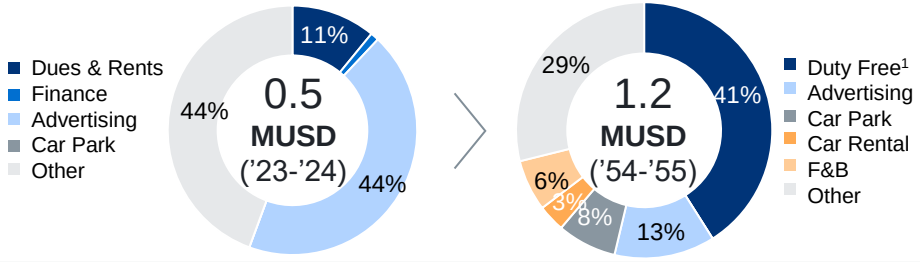
Non-Aeronautical Revenues Forecast (MUSD real 2023)

Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Total non-aero revenues	3.1%	3.6%	3.1%

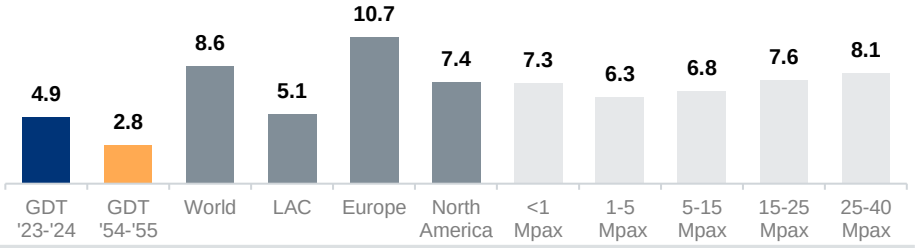
Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Unit non-aero rev per pax (USD)	-5.4%	-2.7%	-1.7%



Share of Non-Aero Revenues (2024 vs. 2055)



Benchmark of Non-Aeronautical Unit Revenues (USD/pax. real 2023)



Source: TCIAA, ACI, ALG Analysis

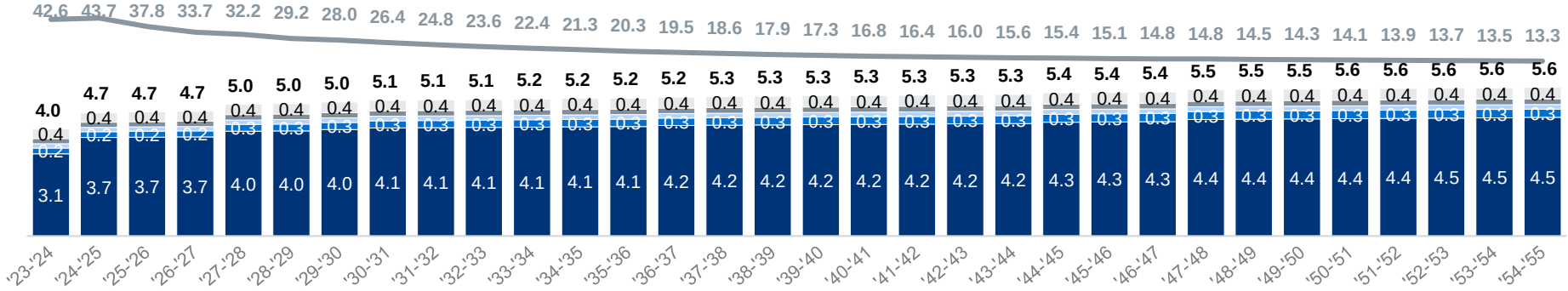
[1]Duty free and retail are projected as a unique category

OpEx is expected to reach 5.6 MUSD by 2055, growing at a 1.1% annual rate, lowering the unit OpEx to comparable benchmark values

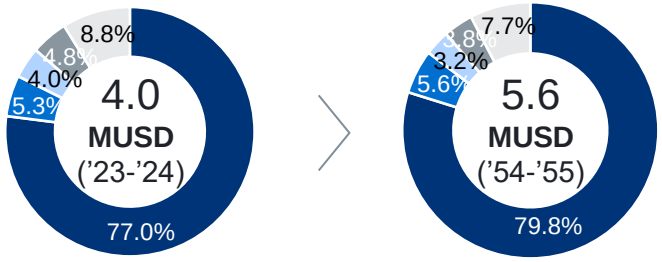
Operational Expenses Forecast (MUSD real 2023)

Expense Segment	CAGR '24-'35	'24-'45	'24-'55
Staff Costs	2.6%	1.6%	1.2%
Office & Administration	2.4%	1.6%	1.2%
Professional & Consultancy fees	0.6%	0.4%	0.3%
Insurance	0.6%	0.4%	0.3%
Repair and Maintenance	1.2%	0.8%	0.6%
Total operating expenses	**2.3%**	**1.4%**	**1.1%**

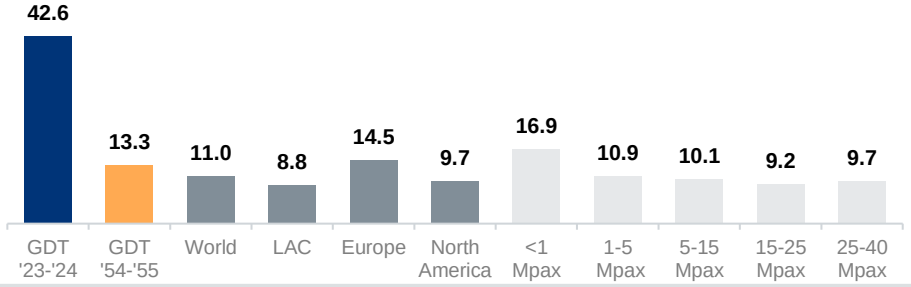
Expense Segment	CAGR '24-'35	'24-'45	'24-'55
Unit opex per pax (USD)	-6.1%	-4.7%	-3.7%



Share of Operating Expenses (2024 vs. 2055)



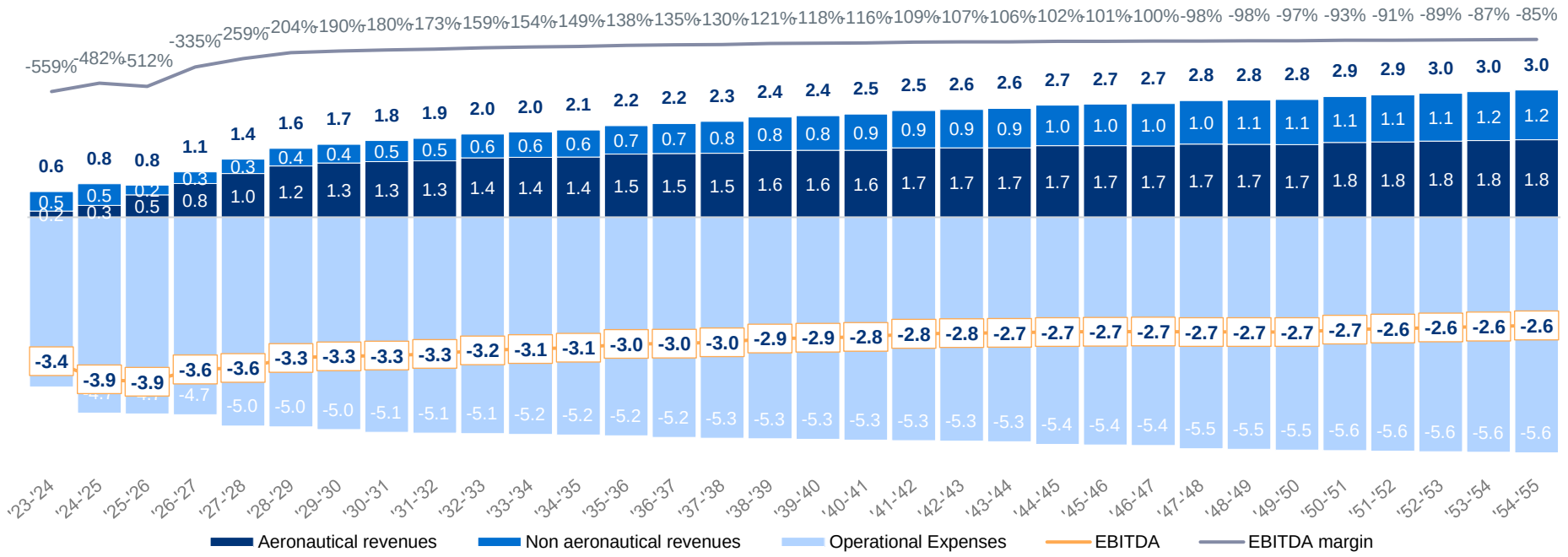
Benchmark of Unit Operating Expenses (USD/pax. real 2023)



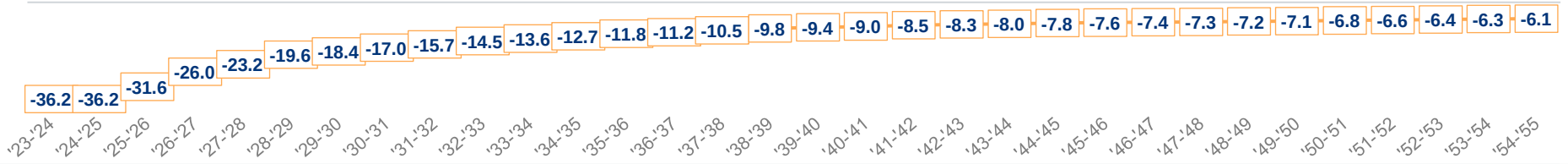
Source: TCIAA, ACI, ALG Analysis

EBITDA is expected to remain negative but improve to -2.6 MUSD by 2055, reflecting a significant improvement in the EBITDA/pax and the margin

EBITDA Forecast (MUSD real 2023)



EBITDA per pax (USD/pax. 2024-2055)



Source: TCIAA, ALG Analysis

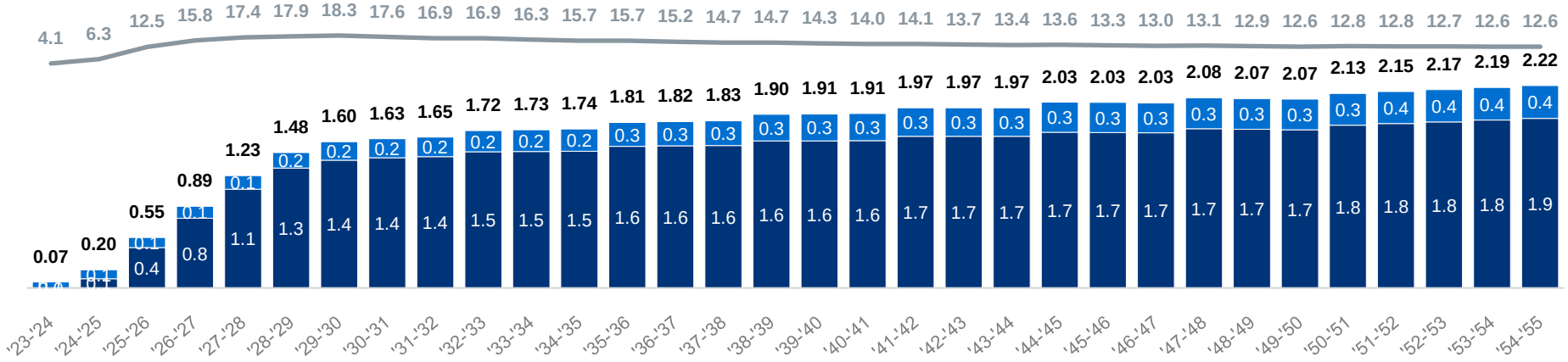
Content

Aero revenues are expected to reach 2.2 MUSD by 2055 (10.7% annual rate), with unit revenue aligned with benchmarks thanks to traffic mix

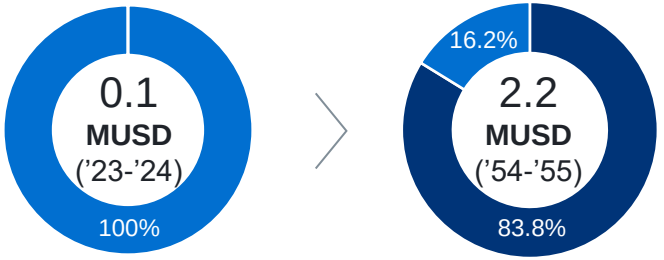
Aeronautical Revenues Forecast (MUSD real 2023)

Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Passenger	-	-	-
Aircraft and others	12.5%	7.9%	5.6%
Total aeronautical revenues	**34.6%**	**17.7%**	**12.0%**

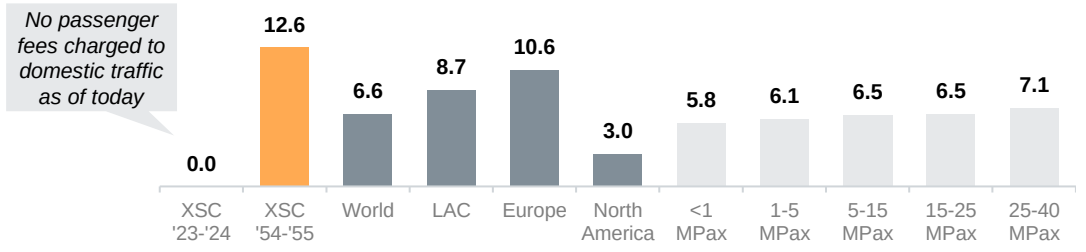
Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Unit aero rev per pax (USD)	13.1%	5.9%	3.7%



Share of Aero Revenues (2024 vs. 2055)



Benchmark of Unit Passenger-related Aero Rev. (USD/pax. real 2023)



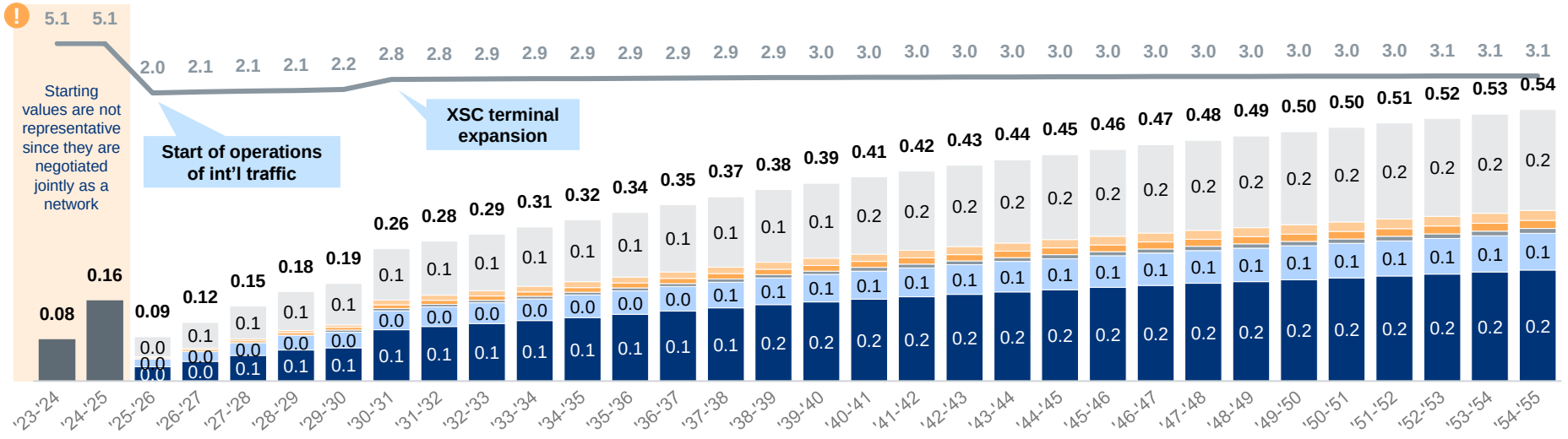
Source: TCIAA, ACI, ALG Analysis

Non-aero revenues are expected to grow at a 6.2% CAGR (‘24-’55); unit revenue increases to 3.1 USD/Pax by 2055 (medium potential airport)

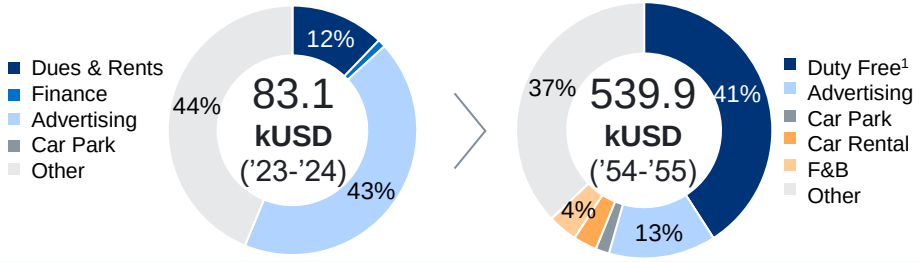
Non-Aeronautical Revenues Forecast (MUSD real 2023)

Revenue Segment	CAGR ’24-’35	’24-’45	’24-’55
Total non-aero revenues	13.0%	8.4%	6.2%

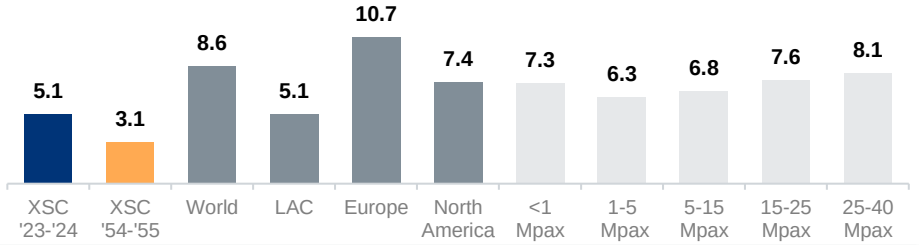
Revenue Segment	CAGR ’24-’35	’24-’45	’24-’55
Unit non-aero rev per pax (USD)	-5.0%	-2.5%	-1.6%



Share of Non-Aero Revenues (2024 vs. 2055)



Benchmark of Non-Aeronautical Unit Revenues (USD/pax. real 2023)



Source: TCIAA, ACI, ALG Analysis

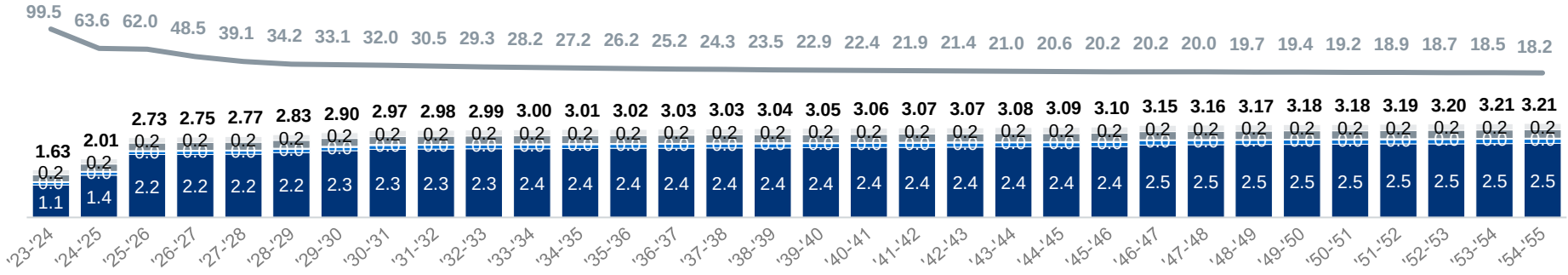
[1]Duty free and retail are projected as a unique category

OpEx is expected to reach ~3.2 MUSD by 2055, following a decrease in unit OpEx at an annual rate of -5.3%, mainly driven by traffic growth

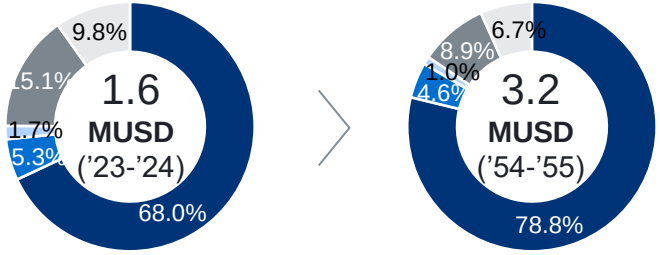
Operational Expenses Forecast (MUSD real 2023)

Expense Segment	CAGR '24-'35	'24-'45	'24-'55
Staff Costs	7.1%	3.8%	2.7%
Office & Administration	3.9%	2.3%	1.7%
Professional & Consultancy fees	1.2%	0.7%	0.5%
Insurance	1.2%	0.7%	0.5%
Repair and Maintenance	2.3%	1.4%	1.0%
Total operating expenses	**5.7%**	**3.1%**	**2.2%**

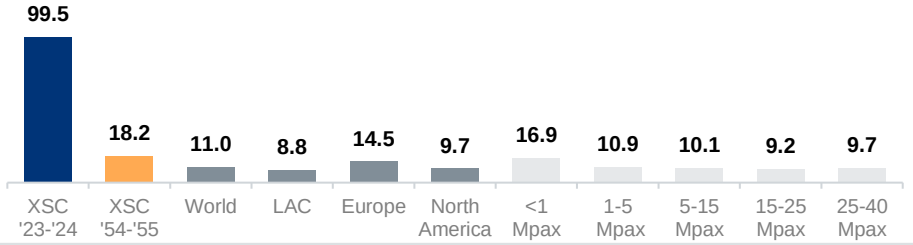
Expense Segment	CAGR '24-'35	'24-'45	'24-'55
Unit opex per pax (USD)	-11.1%	-7.2%	-5.3%



Share of Operating Expenses (2024 vs. 2055)



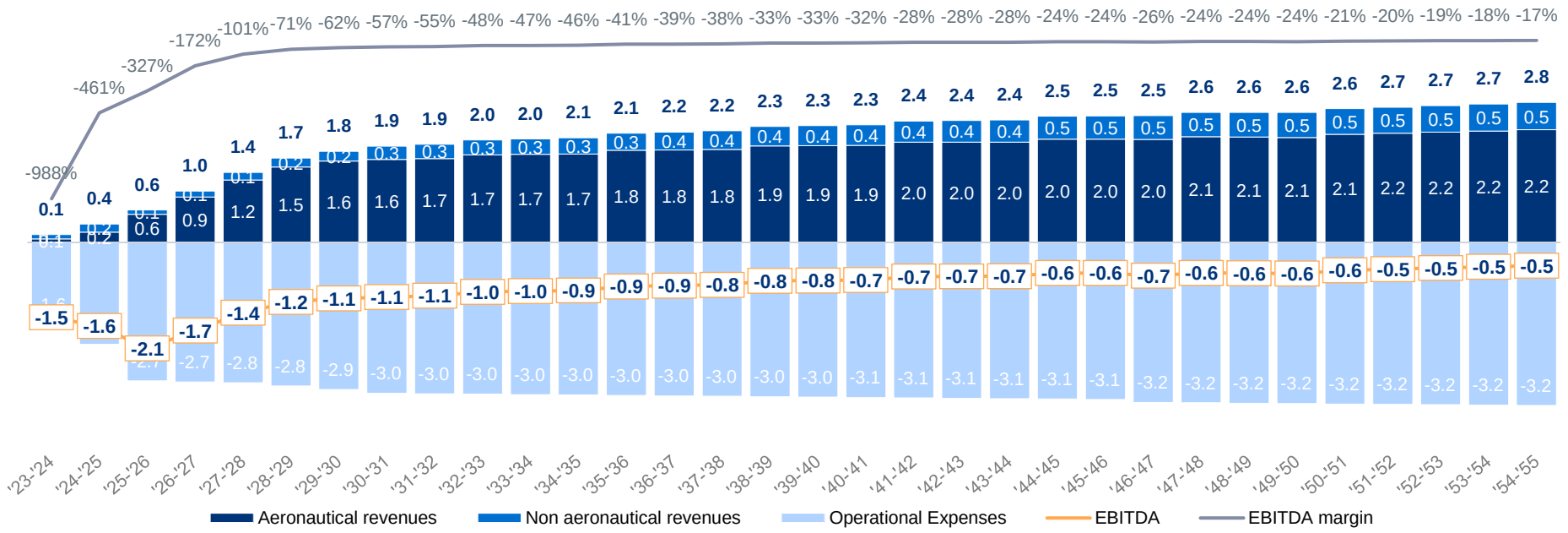
Benchmark of Unit Operating Expenses (USD/pax. real 2023)



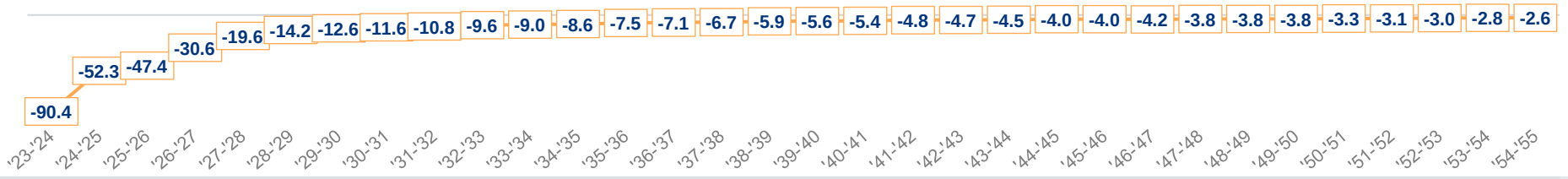
Source: TCIAA, ACI, ALG Analysis

Negative EBITDA is estimated to improve up to -0.5 MUSD by 2055, with a significant reduction in EBITDA/pax during the next 30 years

EBITDA Forecast (MUSD real 2023)



EBITDA per pax (USD/pax. 2024-2055)



Source: TCIAA, ALG Analysis

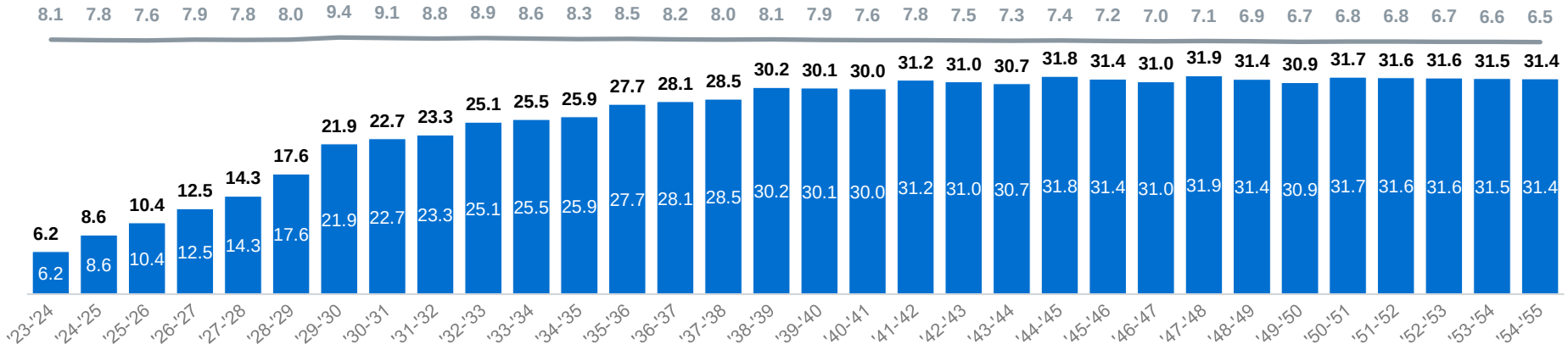
Content

Aero revenues are expected to reach 31.4k USD by 2055, thanks to increased traffic but without domestic passenger fees

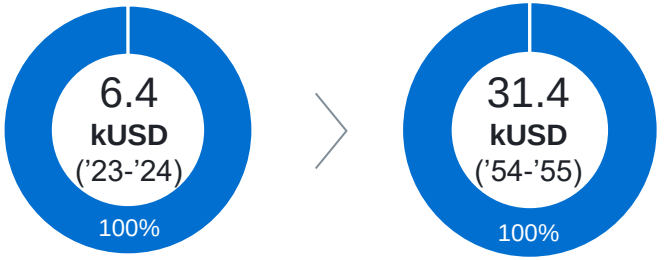
Aeronautical Revenues Forecast (‘000 USD real 2023)

Revenue Segment	CAGR ’24-’35	’24-’45	’24-’55
Passenger	-	-	-
Aircraft and others	13.8%	8.1%	5.4%
Total aeronautical revenues	**13.7%**	**8.0%**	**5.4%**

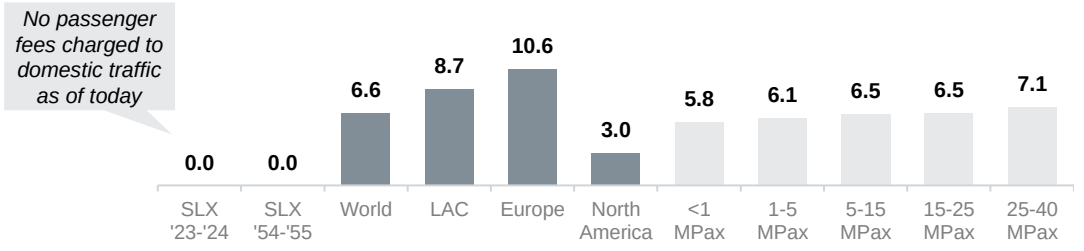
Revenue Segment	CAGR ’24-’35	’24-’45	’24-’55
Unit aero rev per pax (USD)	0.3%	-0.4%	-0.7%



Share of Aero Revenues (2024 vs. 2055)



Benchmark of Unit Passenger-related Aero Rev. (USD/pax. real 2023)



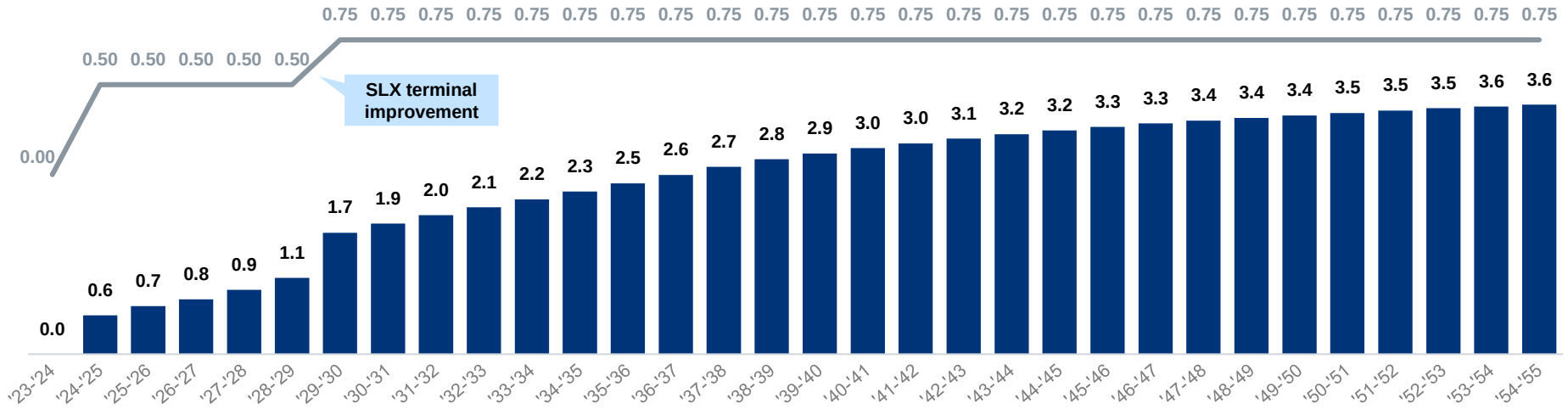
Source: TCIAA, ACI, ALG Analysis

Non-aero revenues are expected to slightly increase after terminal improvements, but are expected to remain in the low range

Non-Aeronautical Revenues Forecast (‘000 USD real 2023)

Revenue Segment	CAGR ’25-’35	’25-’45	’25-’55
Total non-aero revenues	15.4%	9.2%	6.4%

Revenue Segment	CAGR ’25-’35	’25-’45	’25-’55
Unit non-aero rev per pax (USD)	4.1%	2.0%	1.4%

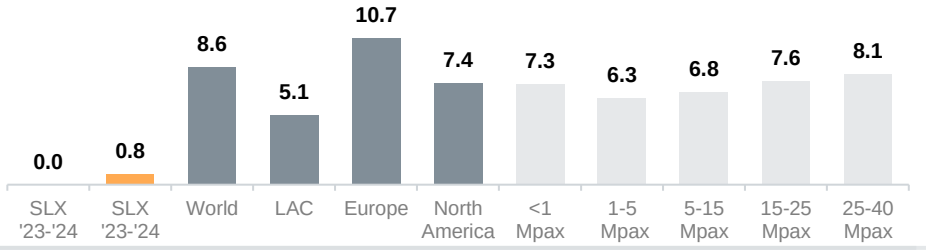


Share of Non-Aero Revenues (2024 vs. 2055)

N/A

(projected as a unique category)

Benchmark of Non-Aeronautical Unit Revenues (USD/pax. real 2023)



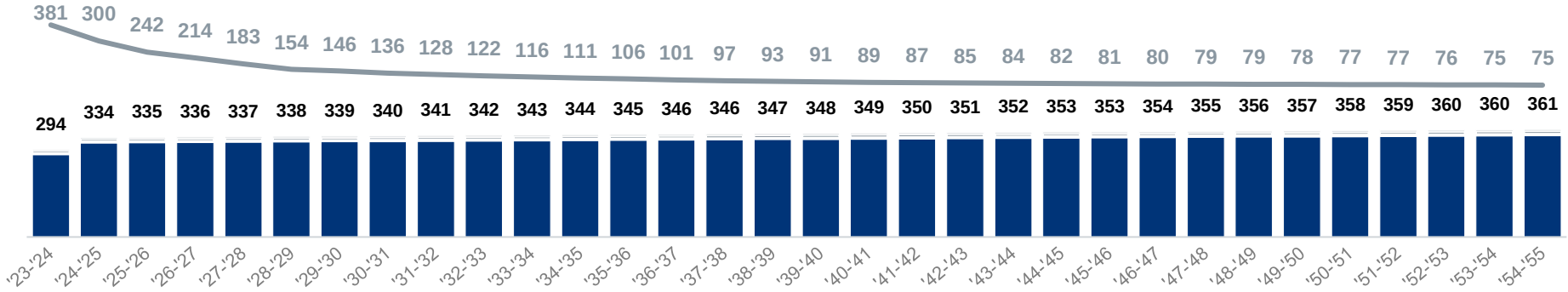
Source: TCIAA, ACI, ALG Analysis

Unit OpEx is projected to decrease to around 75 USD/pax, due to stable operating expenses (mainly fixed costs) and increased passenger traffic

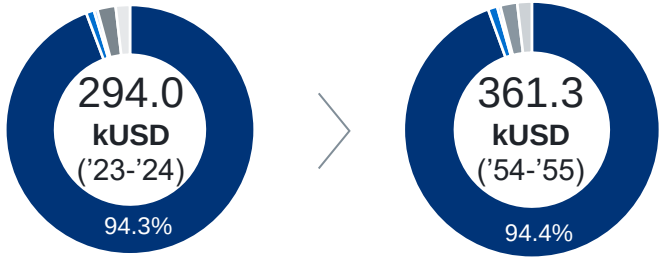
Operational Expenses Forecast (‘000 USD real 2023)

Expense Segment	CAGR ’24-’35	’24-’45	’24-’55
Staff Costs	1.4%	0.9%	0.7%
Office & Administration	2.1%	1.4%	1.1%
Professional & Consultancy fees	0.7%	0.4%	0.3%
Insurance	0.7%	0.4%	0.3%
Repair and Maintenance	1.4%	0.9%	0.6%
Total operating expenses	**1.4%**	**0.9%**	**0.7%**

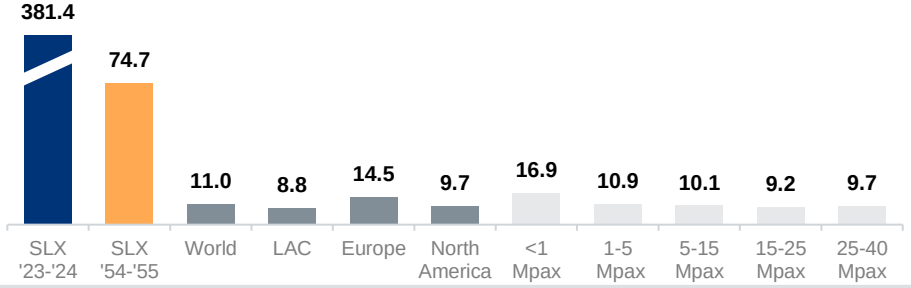
Expense Segment	CAGR ’24-’35	’24-’45	’24-’55
Unit opex per pax (USD)	-10.6%	-7.0%	-5.1%



Share of Operating Expenses (2024 vs. 2055)



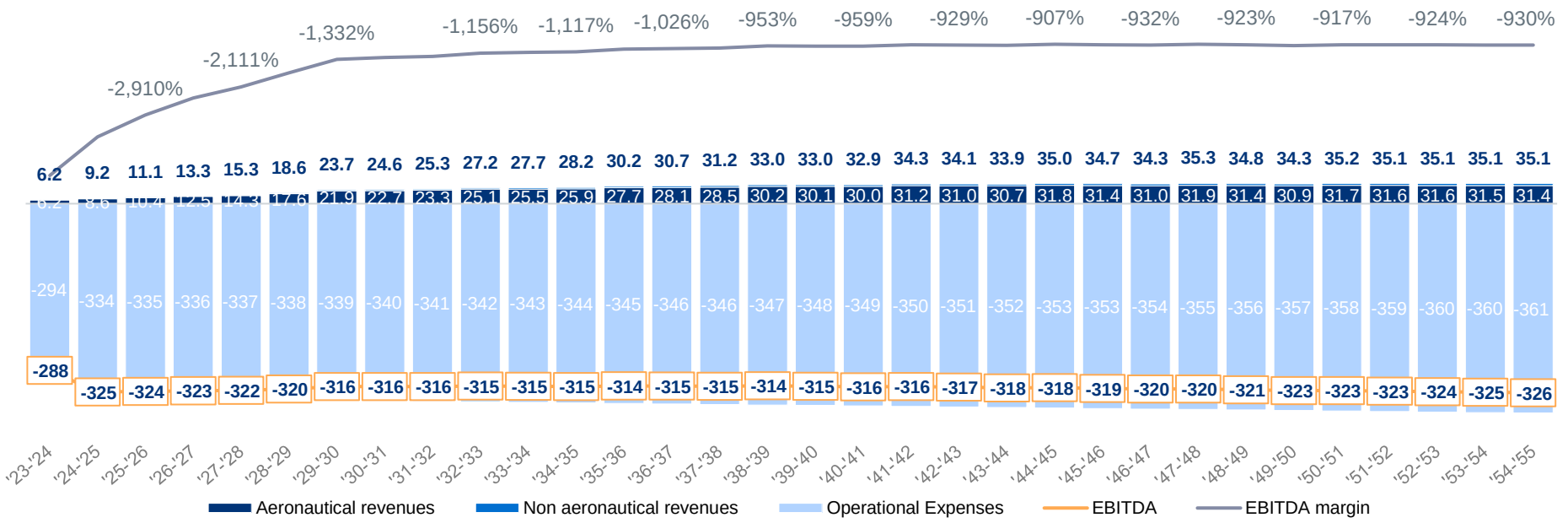
Benchmark of Unit Operating Expenses (USD/pax. real 2023)



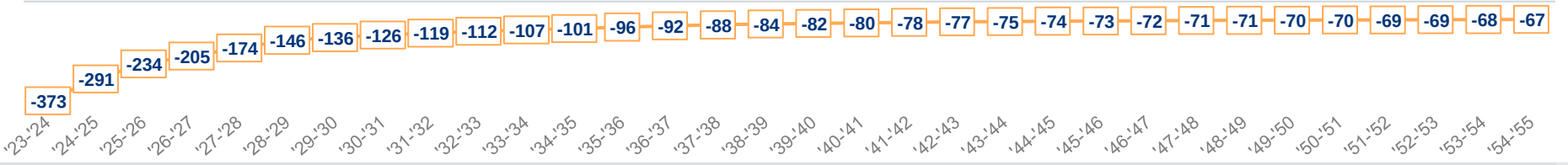
Source: TCIAA, ACI, ALG Analysis

The EBITDA at SLX is estimated to remain stably around -300k USD, in the coming years, even though its traffic is expected to multiply by 5

EBITDA Forecast (‘000 USD real 2023)



EBITDA per pax (USD/pax. 2024-2055)



Source: TCIAA, ALG Analysis

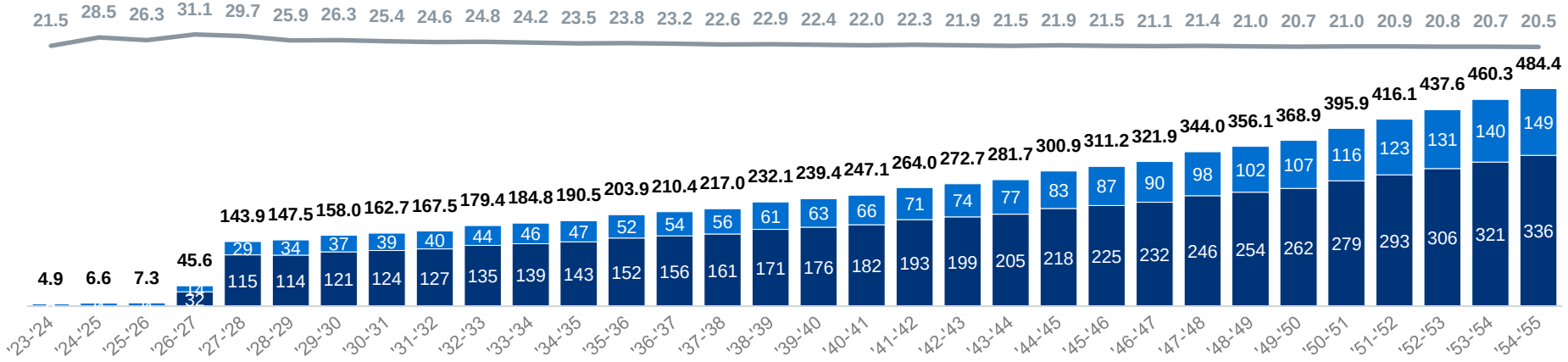
Content

Aero revenues are expected to reach ~484 kUSD by 2055 after growing at an average 16.0% rate, thanks to regular service to PLS and int' traffic

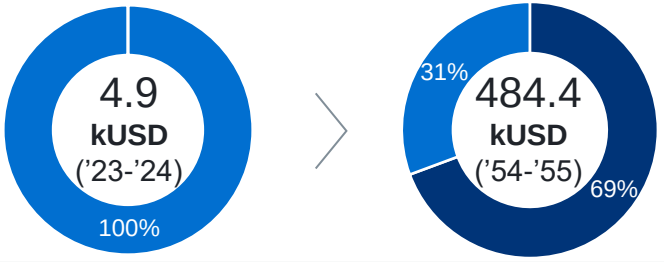
Aeronautical Revenues Forecast ('000 USD real 2023)

Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Passenger	-	-	-
Aircraft and others	22.9%	14.4%	11.6%
Total aeronautical revenues	**39.4%**	**21.6%**	**16.0%**

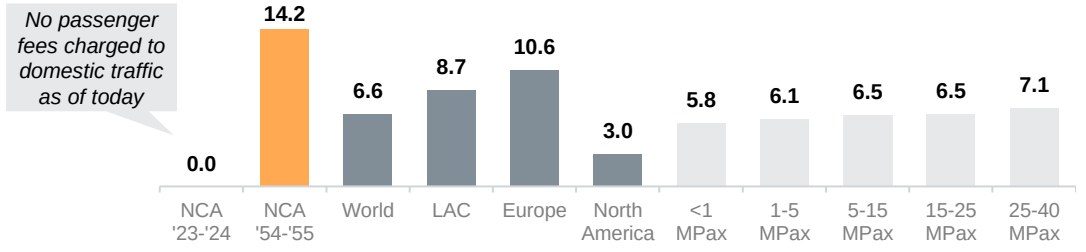
Revenue Segment	CAGR '24-'35	'24-'45	'24-'55
Unit aero rev per pax (USD)	0.8%	0.1%	-0.2%



Share of Aero Revenues (2024 vs. 2055)



Benchmark of Unit Passenger-related Aero Rev. (USD/pax. real 2023)



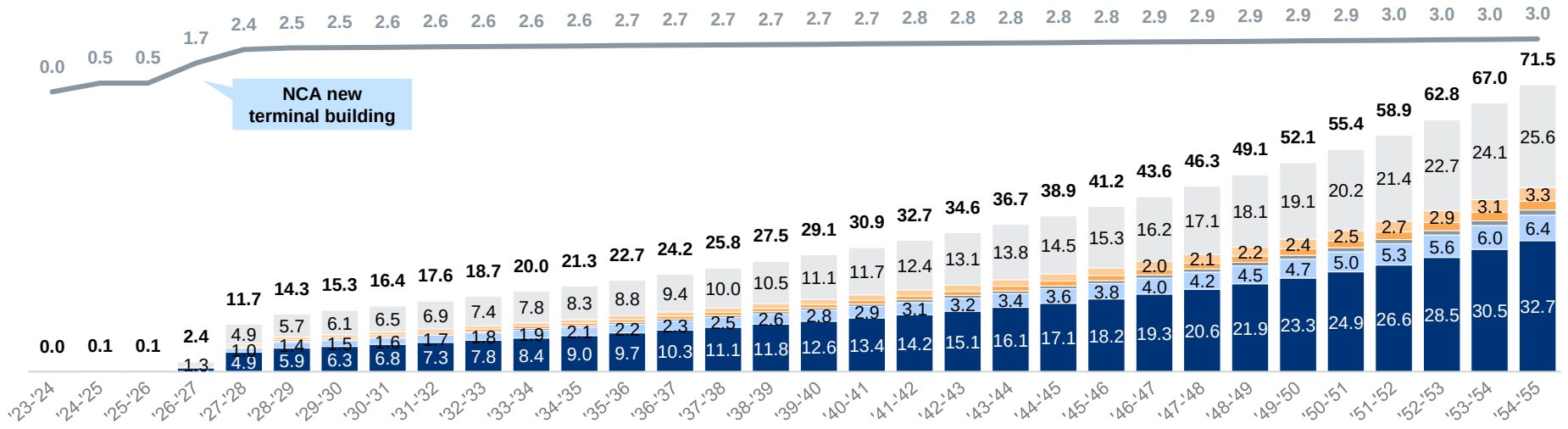
Source: TCIAA, ACI, ALG Analysis

Non-aero revenues are expected to improve, after the new commercial scheduled routes and the new terminal, reaching ~72 kUSD by 2055

Non-Aeronautical Revenues Forecast (‘000 USD real 2023)

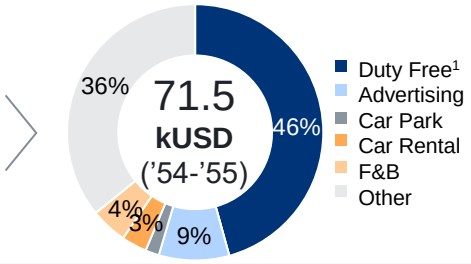
Revenue Segment	CAGR ’25-’35	’25-’45	’25-’55
Total non-aero revenues	68.5%	33.8%	23.9%

Revenue Segment	CAGR ’25-’35	’25-’45	’25-’55
Unit non-aero rev per pax (USD)	18.1%	9.0%	6.2%

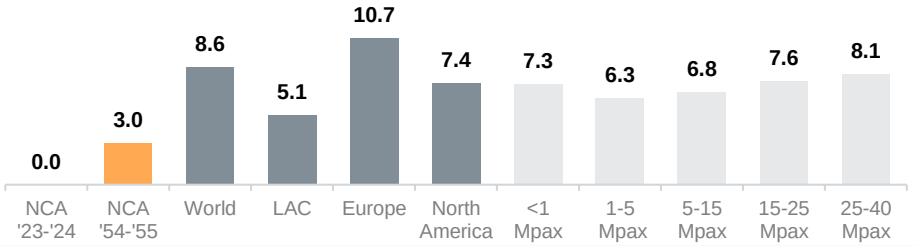


Share of Non-Aero Revenues (2024 vs. 2055)

N/A



Benchmark of Non-Aeronautical Unit Revenues (USD/pax. real 2023)



Source: TCIAA, ACI, ALG Analysis

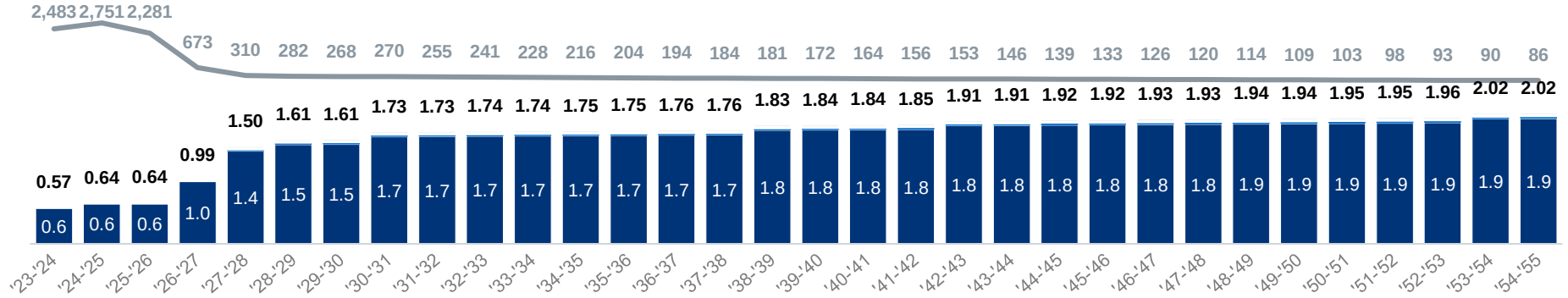
[1]Duty free and retail are projected as a unique category

OpEx is projected to reach 2 MUSD by 2055, with an annual growth rate of 4.2%, while the unit OpEx is expected to decrease annually by 10.3%

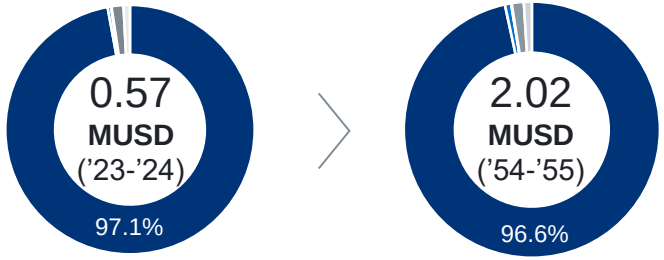
Operational Expenses Forecast (MUSD real 2023)

Expense Segment	CAGR '24-'35	'24-'45	'24-'55
Staff Costs	10.6%	5.9%	4.1%
Office & Administration	26.6%	13.7%	9.4%
Professional & Consultancy fees	8.4%	4.5%	3.1%
Insurance	8.4%	4.5%	3.1%
Repair and Maintenance	14.4%	7.6%	5.3%
Total operating expenses	**10.8%**	**6.0%**	**4.2%**

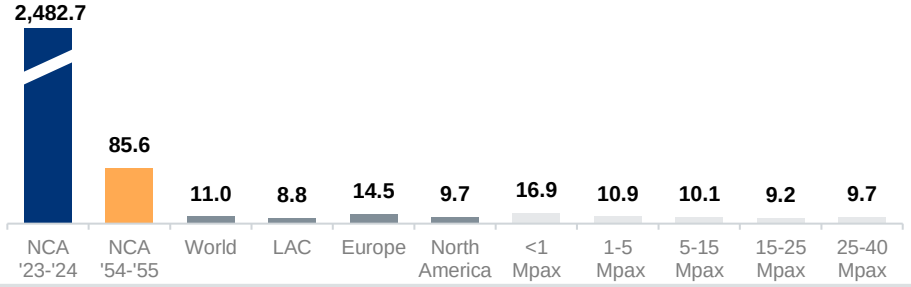
Expense Segment	CAGR '24-'35	'24-'45	'24-'55
Unit opex per pax (USD)	-19.9%	-12.8%	-10.3%



Share of Operating Expenses (2024 vs. 2055)



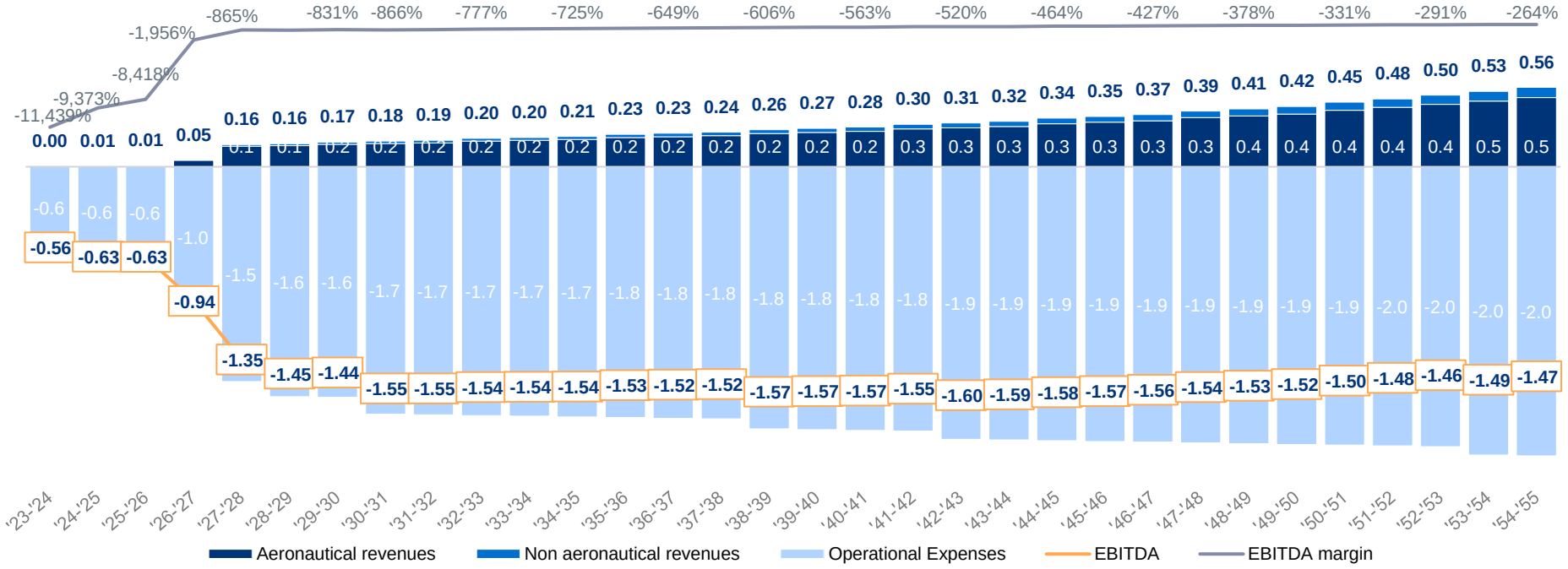
Benchmark of Unit Operating Expenses (USD/pax. real 2023)



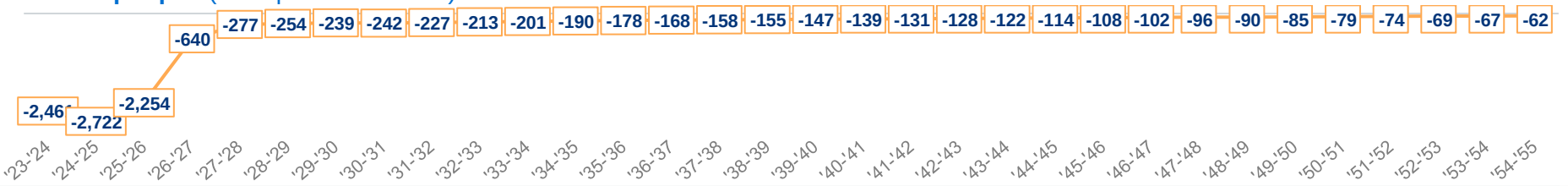
Source: TCIAA, ACI, ALG Analysis

EBITDA per pax is estimated to decrease up to 10 times, but total EBITDA is expected to remain negative around -1.5 MUSD/year

EBITDA Forecast (MUSD real 2023)



EBITDA per pax (USD/pax. 2024-2055)



Source: TCIAA, ALG Analysis

Content

With the transfer of the operation of PLS to a private entity, the TCIAA will reduce its operating costs, while receiving a concession fee (~25% est.*)

Analysis of the future TCIAA revenues and cost structure

TCIAA 2.0
(after PLS PPP contract)

Providenciales Airport

Revenues

Annual Concession Fee

25% (estimated*)
of the Gross Revenues

(it is the bidding offer variable within the PPP process)

Costs

ATC Staff Costs

PPP Unit Monitoring and Headquarters

- The **TCIAA will oversee and monitor the airport's PPP contract** and receive a **concession fee, estimated to be 25%** of gross revenues in exchange
- The private operator will be **responsible for collecting both aero and non-aero revenues** and managing the design, construction, financing, operation, and maintenance of PLS, **but ownership will remain within the TCIAA**
- Additionally, the TCIAA will continue to bear the **cost of ATC services for PLS**, as well as the cost of the new department for **contract supervision**, the **headquarters offices**, and certain **consultancy services** for the PPP monitoring

Secondary airports network

Revenues

Passenger charges

Aircraft Charges

Non-Aeronautical Revenues

Other Operational Income

Costs

Staff Costs

Office & Administrative Exp.

Maintenance & Utilities

Other

- The **TCIAA is responsible for paying staff wages, overhead and operational costs** at all airports, as well as all the expected **development and replacement investments** required in the secondary airports
- Currently, the **TCIAA does not levy certain aeronautical fees for domestic traffic** (such as passenger and security charges), and it is not expected to change in the base case scenario, although it would be a potential upside as per international standards, especially for non-national passengers
- Regarding non-aeronautical fees, **few airports** managed by the TCIAA **have nowadays the infrastructural capacity to collect them**

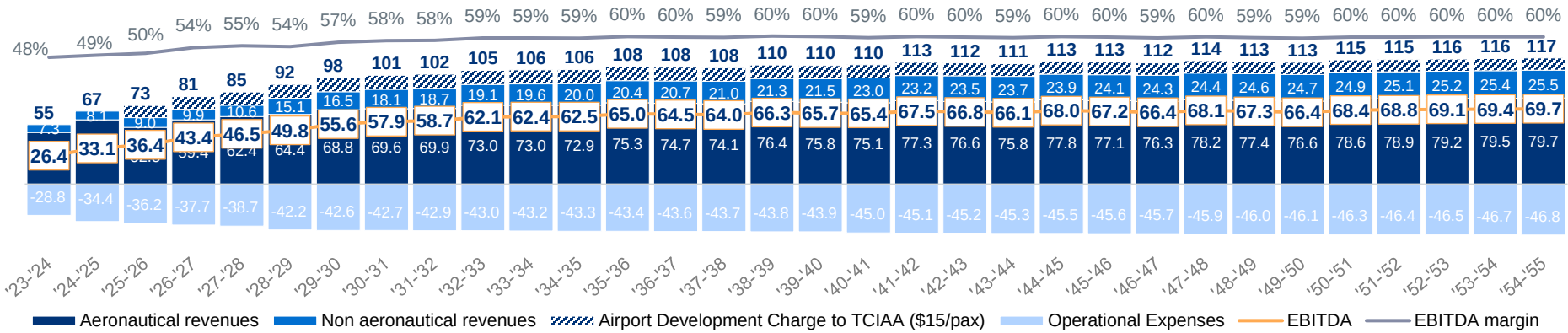
Source: TCIAA, ALG Analysis

*Note: The final percentage of the concession fee will result from the PPP bid, 25% is the expected value estimated during the structuring process as of today

With a 25% concession fee from PLS, the TCIAA is projected to achieve an EBITDA of ~18 MUSD by 2055, representing a 44% margin

TCIAA EBITDA Forecast - Status Quo, w/o PPP (MUSD real 2023)

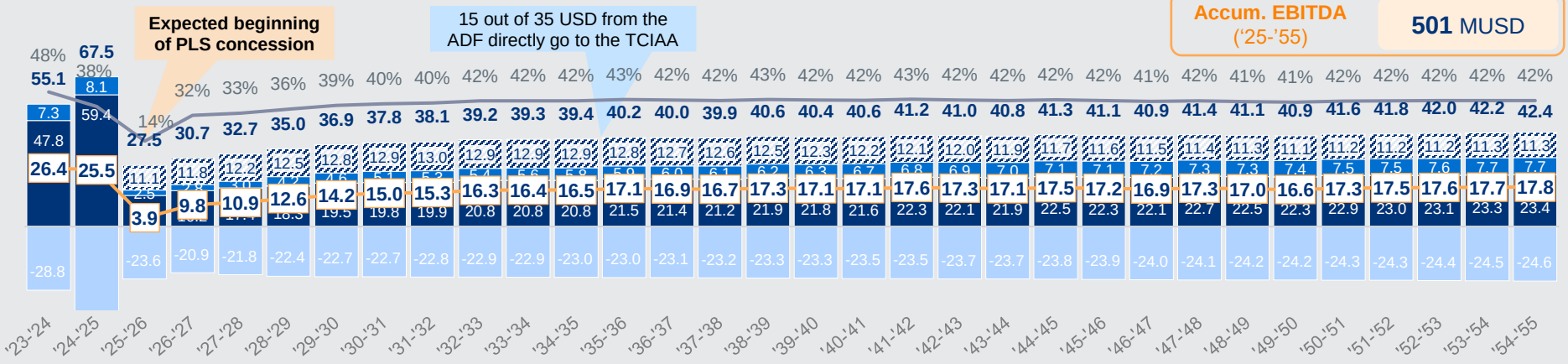
Accum. EBITDA ('25-'55) **1,909** MUSD



TCIAA EBITDA Forecast - With PLS PPP (MUSD real 2023)

Concession fee: **25% of PLS gross revenues**

Accum. EBITDA ('25-'55) **501** MUSD

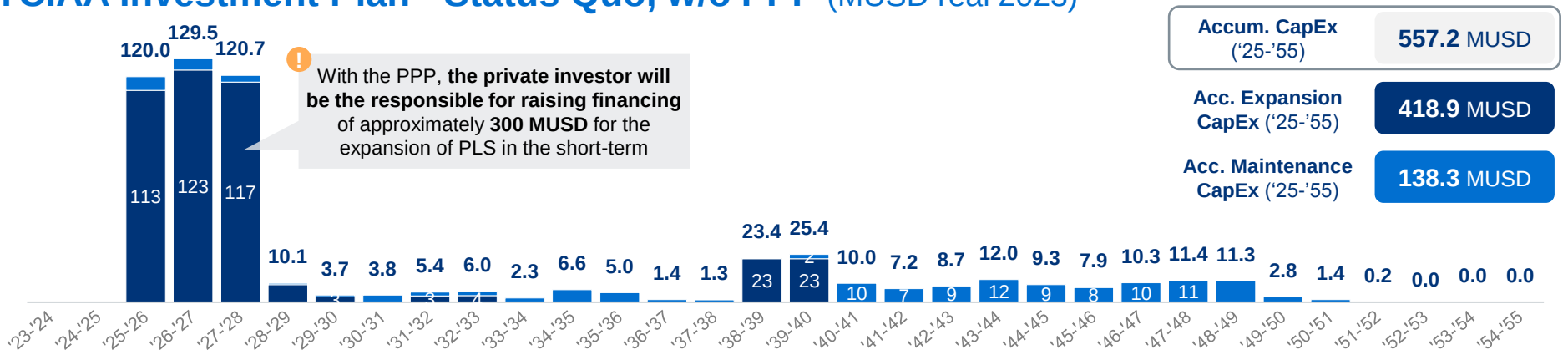


Source: TCIAA, ALG Analysis

*Note: The final percentage of the concession fee will result from the PPP bid, 25% is the expected value estimated during the structuring process as of today

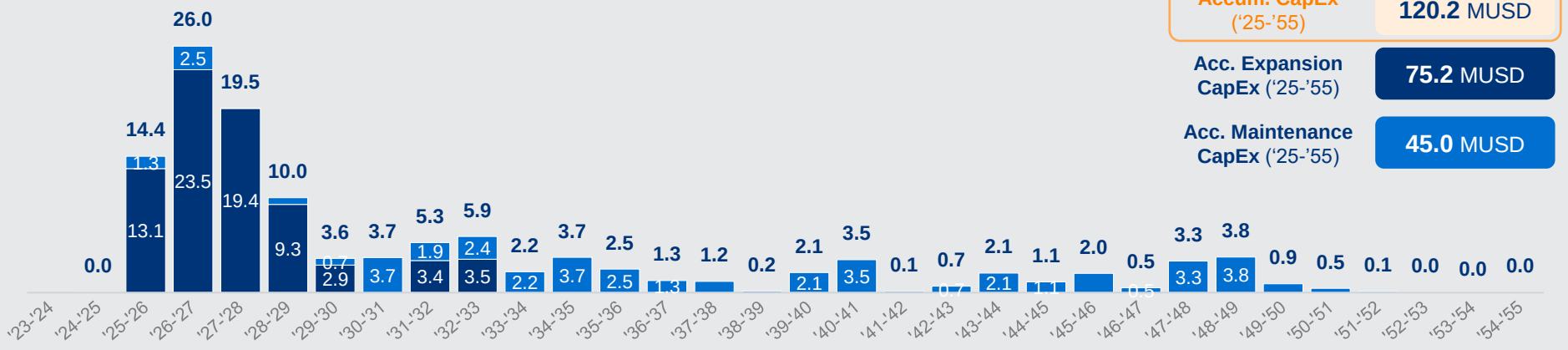
Thanks to excluding PLS from its scope, the TCIAA is expected to be only responsible for 120 MUSD investment, most of it planned in the short-term

TCIAA Investment Plan - Status Quo, w/o PPP (MUSD real 2023)



TCIAA Investment Plan - With PLS PPP (MUSD real 2023)

No CapEx nor RepEx from PLS for the TCIAA

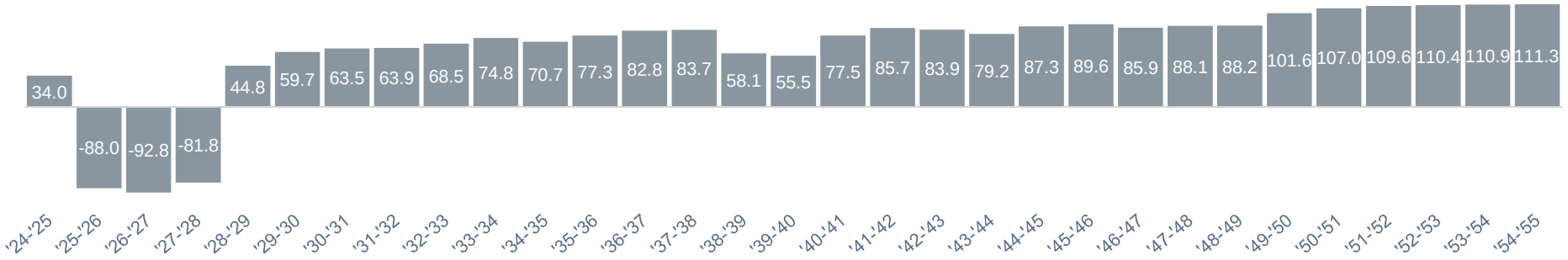


Source: TCIAA, ALG Analysis

Thanks to the concession fee and ADC from PLS, the TCIAA is expected to become a profitable organization, with a 26.0% IRR for the next 30 years

TCIAA Free Cashflow Forecast - Status Quo, w/o PPP (MUSD Nominal)

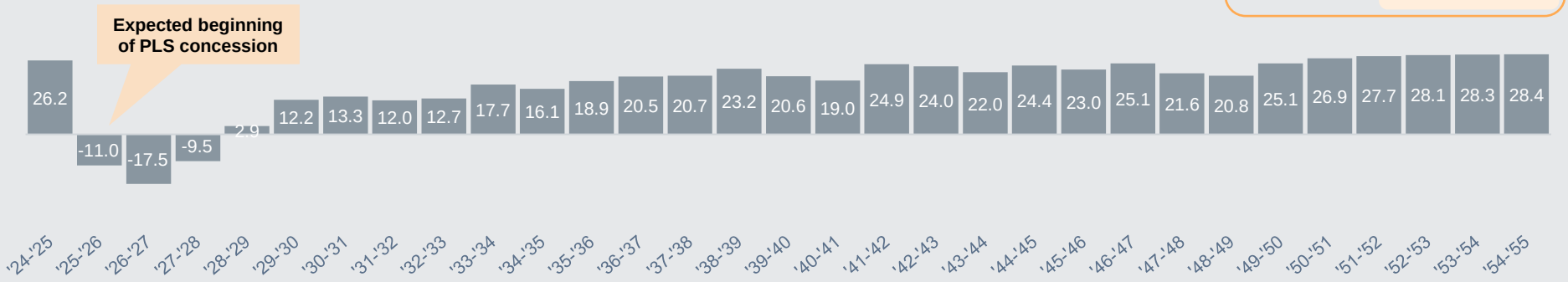
IRR ('25-'55)	**20.3%**
NPV[1] ('25-'55)	**313.4** MUSD



TCIAA Free Cashflow Forecast - With PLS PPP (MUSD Nominal)

Concession fee: **25% of PLS gross revenues**

IRR ('25-'55)	**26.0%**
NPV[1] ('25-'55)	**111.0** MUSD

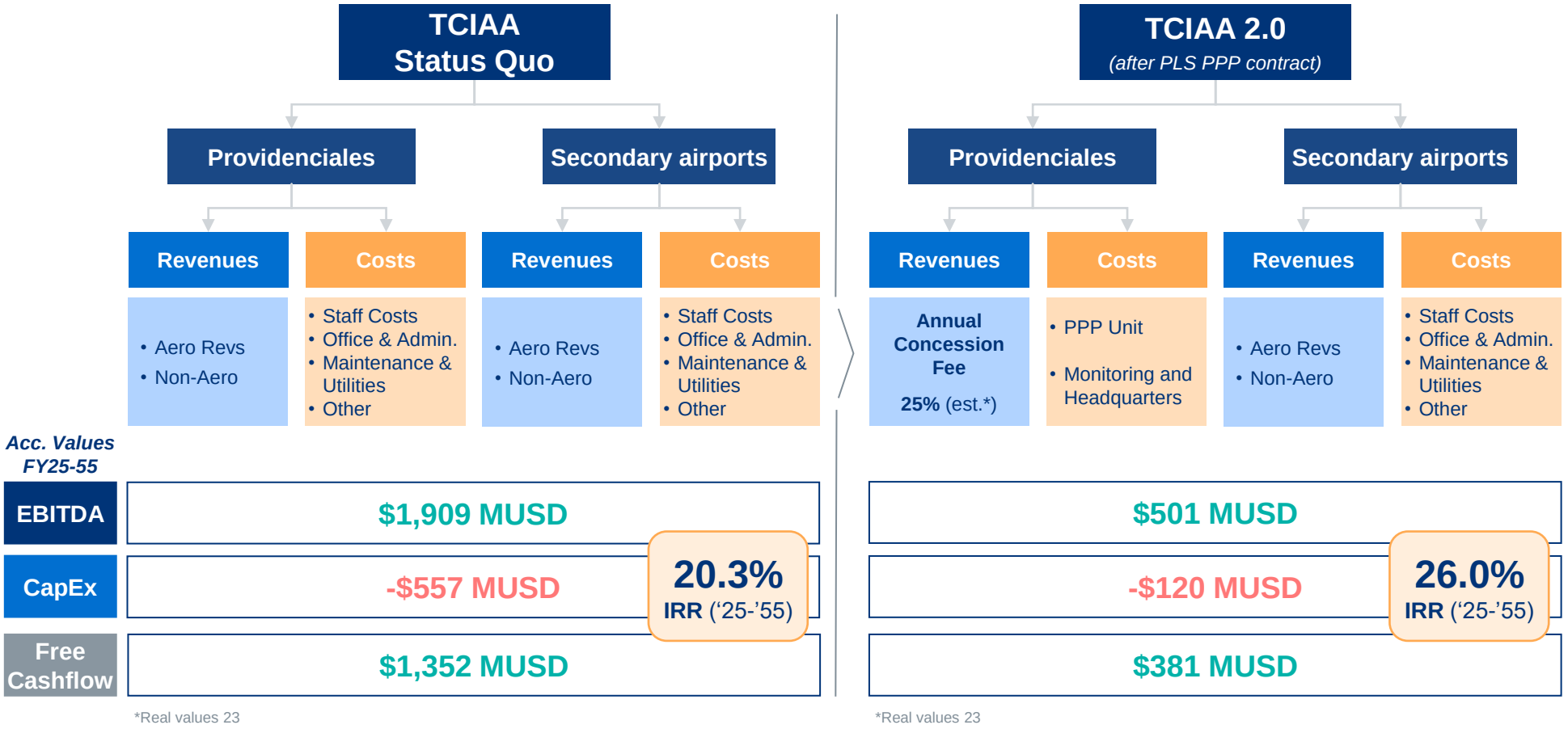


Source: TCIAA, ALG Analysis

[1]NPV estimated with a discount rate of 10%

Summary of the financial performance of the TCIAA after PLS PPP: >500 MUSD accumulated EBITDA, 120 MUSD investment, 26% IRR

Analysis of the future TCIAA revenues and cost structure scenarios (Accumulated FY25-55)



*Real values 23

*Real values 23

Source: TCIAA, ALG Analysis

*Note: The final percentage of the concession fee will result from the PPP bid, 25% is the expected value estimated during the structuring process as of today

Different sensitivity scenarios have been developed, considering 4 key variables to understand potential impacts under varying conditions

TCIAA sensitivities assumption matrix

	New domestic pax charge	New aircraft fees	CapEx & RepEx	Providenciales Concession fee
Base Case	Although according to best practices it would be possible to include a new domestic departure charge, the base case scenario **does not consider the inclusion of a new domestic charge, remaining at 0 USD/pax**	For **PLS new terminal**, it is proposed to charge **80 USD/ATM for PBB use**, according to best practices	**Capital expenditures** are estimated **based on Providenciales PPP project unit costs**, adapting them to the rest of the airports, which will not always require the same type of infrastructure than PLS	The **TCIAA** will oversee and monitor the airport's PPP contract and **receive a concession fee**, **estimated at 25% of the gross revenues*** (bidding variable) in exchange
Upside Case	**Introducing a new domestic fee** *(TCI nationals are excluded)*; sensitivity is analyzed for **5, 10 and 15 USD/pax**	Charge **25 USD/ATM** to **int'l flights as a noise and emissions fee**, and double this to **50 USD/ATM** plus **25 USD/ATM to DOM flights**	Sensitivity is analyzed for a **+10% and +20%** increase of unit costs **compared to the base case**	Sensitivity is analyzed for an increase of the concession fee **to 30% and 35% of PLS annual gross revenue**
Downside Case	**N/A**	**None** of the proposed **charges are introduced**	Sensitivity is analyzed for a **-10% and -20%** decrease of unit costs **compared to the base case**	Sensitivity is analyzed for a decrease of the concession fee to **15% and 20% of PLS annual gross revenue**

Source: TCIAA, ALG Analysis

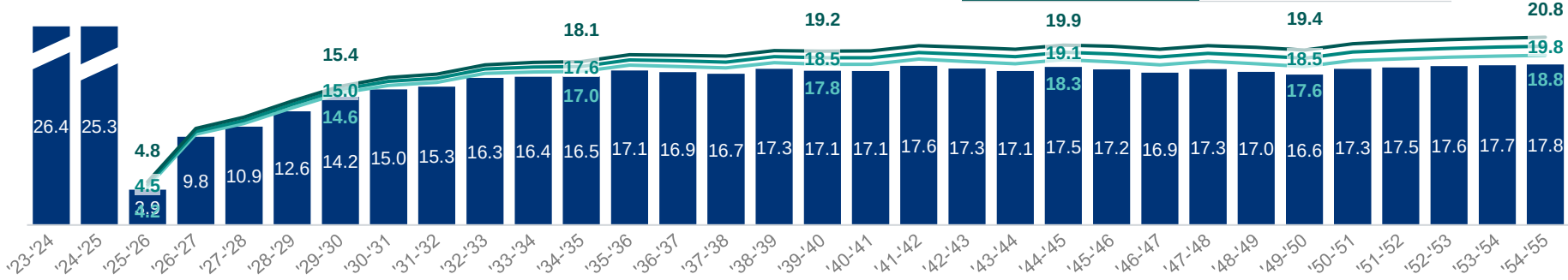
*Note: The final percentage of the concession fee will result from the PPP bid, 25% is the expected value estimated during the structuring process as of today

The increase of 5 USD per domestic departing passenger adds ~1.2 p.p. to the return on investment

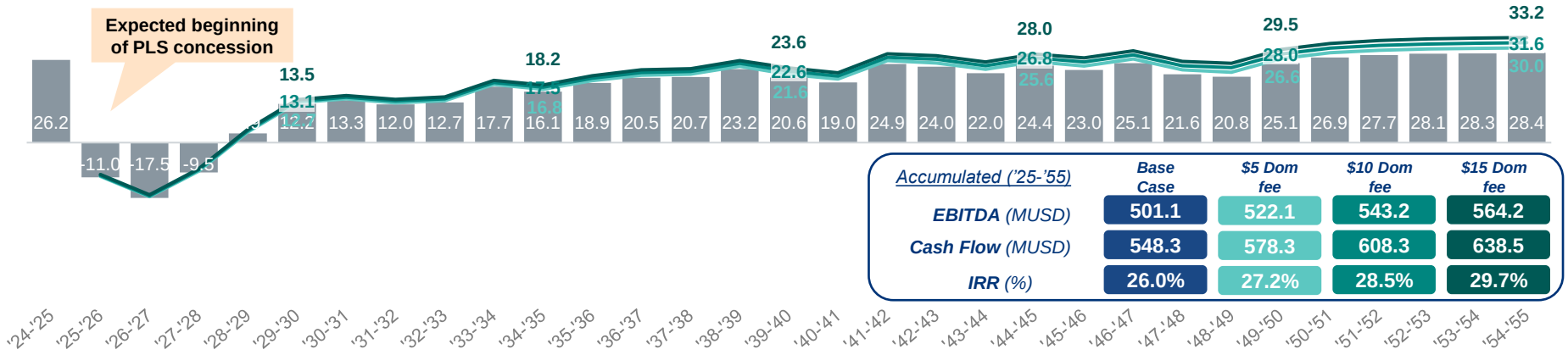
Sensitivity to new domestic passenger charge

CAGR	'24-'35	'24-'45	'24-'55
Base Case: No Dom fee	-4.2%	-1.9%	-1.3%
$5 Dom fee	-3.9%	-1.7%	-1.1%
$10 Dom fee	-3.6%	-1.5%	-0.9%
$15 Dom fee	-3.4%	-1.3%	-0.8%

TCIAA EBITDA (MUSD real 2023)



TCIAA Free Cashflow (MUSD Nominal)



Accumulated ('25-'55)	Base Case	$5 Dom fee	$10 Dom fee	$15 Dom fee
EBITDA (MUSD)	501.1	522.1	543.2	564.2
Cash Flow (MUSD)	548.3	578.3	608.3	638.5
IRR (%)	26.0%	27.2%	28.5%	29.7%

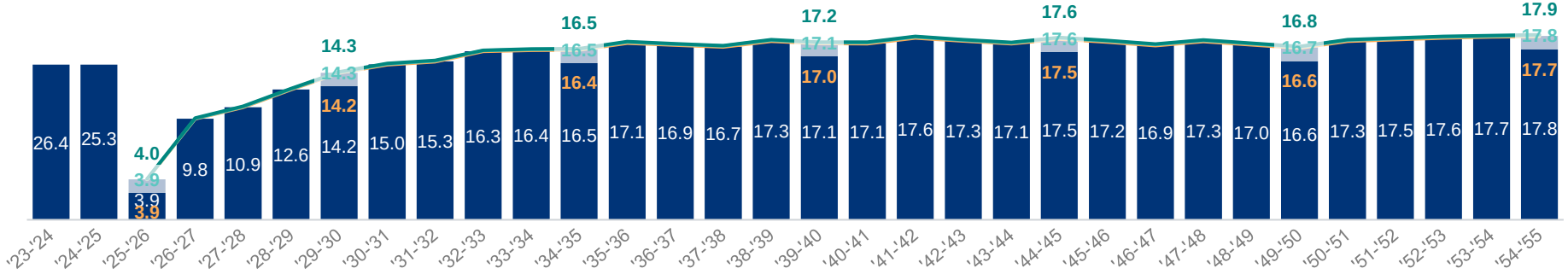
Source: TCIAA, ALG Analysis

If new aircraft-related fees (Noise & emissions) were applied, the IRR would only be 0.2 p.p. higher, showing the low impact of these new fees

Sensitivity to new aircraft fees

CAGR	'24-'35	'24-'45	'24-'55
Base Case: PBB fee	-4.2%	-1.9%	-1.3%
No A/C. fees	-4.2%	-1.9%	-1.3%
$25/ATM Int N&E fee	-4.2%	-1.9%	-1.3%
$50/ATM Int + $25 Dom	-4.1%	-1.9%	-1.2%

TCIAA EBITDA (MUSD real 2023)



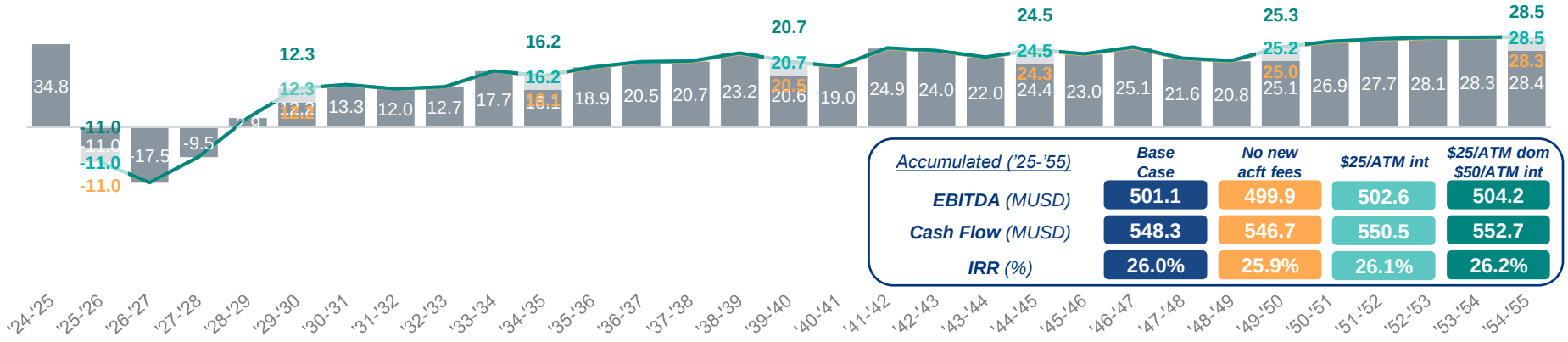
Diff. 2055 vs. Base Case

+0.6%

+0.3%

-0.3%

TCIAA Free Cashflow (MUSD Nominal)



Accumulated ('25-'55)	*Base Case*	*No new acft fees*	*$25/ATM int*	*$25/ATM dom $50/ATM int*
***EBITDA** (MUSD)*	501.1	499.9	502.6	504.2
***Cash Flow** (MUSD)*	548.3	546.7	550.5	552.7
***IRR** (%)*	26.0%	25.9%	26.1%	26.2%

Source: TCIAA, ALG Analysis

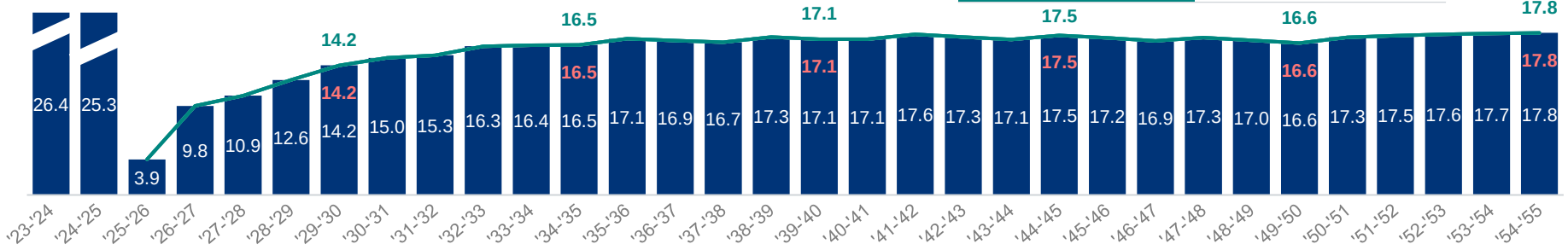
Variations of +/- 20% in unit investment prices would result in an expected IRR ranging from 20.5% (-5.5 p.p.) to 35.4% (+9.4 p.p.)

Sensitivity to CapEx & RepEx unit costs

CAGR	'24-'35	'24-'45	'24-'55
Base Case	-4.2%	-1.9%	-1.3%
+20% unit costs			
+10% unit costs			
-10% unit costs			
-20% unit costs			

EBITDA results are **not affected** by **CapEx & RepEx** sensitivities

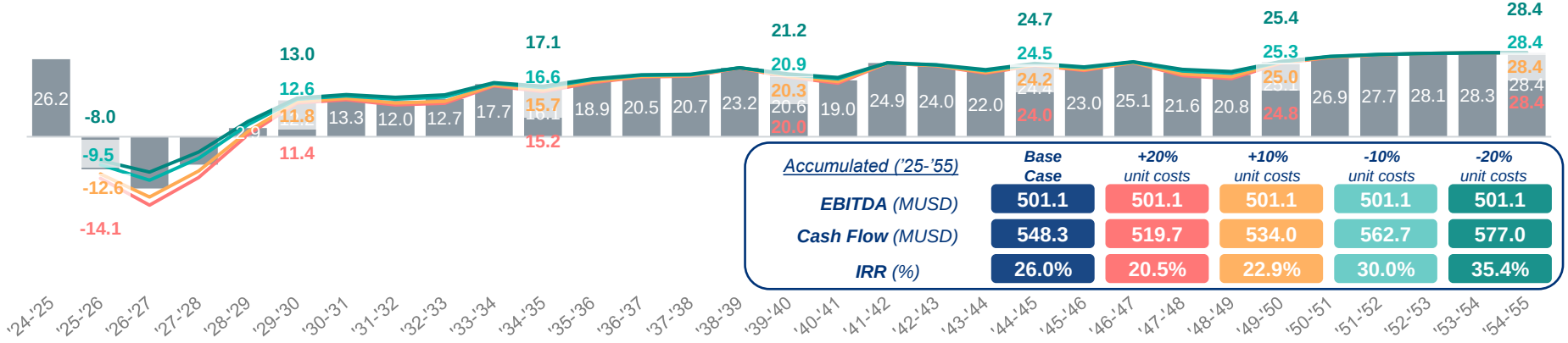
TCIAA EBITDA (MUSD real 2023)



Diff. 2055 vs. Base Case

-%
-%
-%
-%

TCIAA Free Cashflow (MUSD Nominal)



Accumulated ('25-'55)	*Base Case*	*+20% unit costs*	*+10% unit costs*	*-10% unit costs*	*-20% unit costs*
EBITDA *(MUSD)*	501.1	501.1	501.1	501.1	501.1
Cash Flow *(MUSD)*	548.3	519.7	534.0	562.7	577.0
IRR *(%)*	26.0%	20.5%	22.9%	30.0%	35.4%

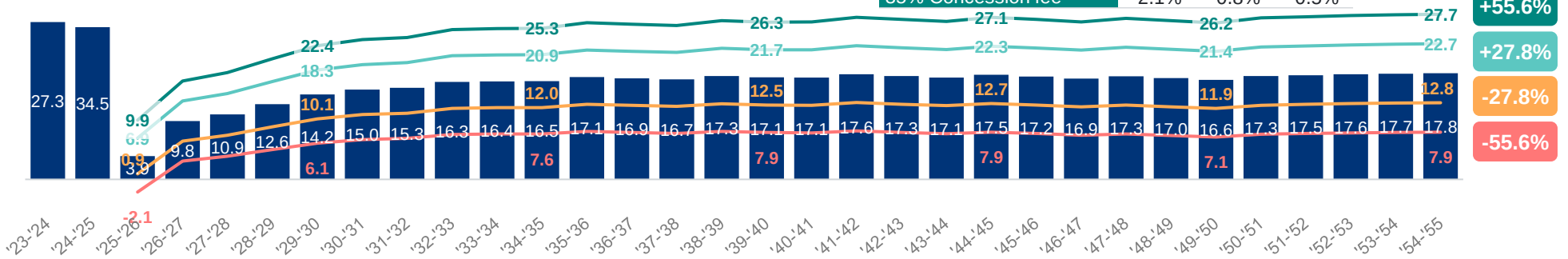
Source: TCIAA, ALG Analysis

PLS concession fee is the most sensitive variable affecting profitability, with an IRR becoming positive even with a concession fee below 15%

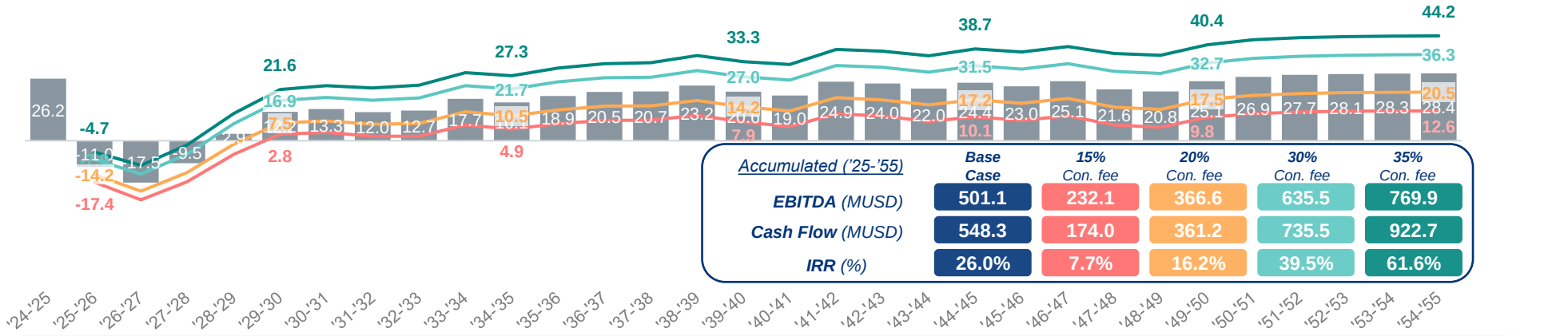
Sensitivity to Providenciales Concession Fee

CAGR	'24-'35	'24-'45	'24-'55
Base Case: 25% conc. fee	-4.2%	-1.9%	-1.3%
15% Concession fee	-10.7%	-5.6%	-3.8%
20% Concession fee	-6.9%	-3.4%	-2.3%
30% Concession fee	-4.2%	-1.9%	-1.3%
35% Concession fee	-2.1%	-0.8%	-0.5%

TCIAA EBITDA (MUSD real 2023)



TCIAA Free Cashflow (MUSD Nominal)



Accumulated ('25-'55)	Base Case	15% Con. fee	20% Con. fee	30% Con. fee	35% Con. fee
EBITDA (MUSD)	501.1	232.1	366.6	635.5	769.9
Cash Flow (MUSD)	548.3	174.0	361.2	735.5	922.7
IRR (%)	26.0%	7.7%	16.2%	39.5%	61.6%

Source: TCIAA, ALG Analysis

The resulting IRR for the TCIAA primarily depends on the concession fee from PLS and, to a lesser extent, on CapEx and regulated fees

TCIAA Sensitivities Matrix

TCIAA Free Cashflow - Concession fee vs. New charges
(MUSD Nominal, 2025-2055)

New charges \ Concession fee	10%	12.5%	15%	17.5%	20%	22.5%	25%	26%	27%	28%	29%	30%	32.5%	35%
0%	-13.2	80.4	174.0	267.6	361.2	454.8	548.3	585.8	623.2	660.6	698.1	735.5	829.1	922.7
50%	0.5	94.5	188.5	282.5	376.4	470.4	564.4	602.0	639.6	677.2	714.8	752.4	846.4	940.4
100%	14.1	108.5	202.9	297.3	391.7	486.1	580.5	618.3	656.0	693.8	731.6	769.3	863.7	958.1
150%	37.0	132.0	227.1	322.2	417.3	512.3	607.4	645.5	683.5	721.5	759.6	797.6	892.7	987.7
200%	59.8	155.5	251.3	347.1	442.8	538.6	634.3	672.6	710.9	749.2	787.6	825.9	921.6	1,017

TCIAA Free Cashflow - Concession fee vs. CapEx & RepEx
(MUSD Nominal, 2025-2055)

CapEx & RepEx \ Concession fee	10%	12.5%	15%	17.5%	20%	22.5%	25%	26%	27%	28%	29%	30%	32.5%	35%
-20%	15.4	109.0	202.6	296.2	389.8	483.4	577.0	614.4	651.8	689.3	726.7	764.1	900.3	993.7
-10%	1.1	94.7	188.3	281.9	375.5	469.1	562.7	600.1	637.5	675.0	712.4	749.8	890.3	983.6
0%	-13.2	80.4	174.0	267.6	361.2	454.8	548.3	585.8	623.2	660.6	698.1	735.5	880.3	973.6
10%	-27.5	66.1	159.7	253.3	346.9	440.4	534.0	571.5	608.9	646.3	683.8	721.2	870.3	963.6
20%	-41.8	51.8	145.4	238.9	332.5	426.1	519.7	557.1	594.6	632.0	669.5	706.9	860.2	953.6

TCIAA IRR - Concession fee vs. New charges

New charges \ Concession fee	10%	12.5%	15%	17.5%	20%	22.5%	25%	26%	27%	28%	29%	30%	32.5%	35%
0%	-2.9%	3.2%	7.7%	11.9%	16.2%	20.8%	26.0%	28.3%	30.8%	33.5%	36.4%	39.5%	48.9%	61.6%
50%	-1.8%	3.9%	8.3%	12.5%	16.7%	21.4%	26.7%	29.0%	31.6%	34.3%	37.3%	40.5%	50.2%	63.4%
100%	-0.8%	4.5%	8.8%	13.0%	17.3%	22.0%	27.4%	29.8%	32.3%	35.1%	38.2%	41.5%	51.6%	65.3%
150%	0.6%	5.5%	9.7%	13.9%	18.2%	23.0%	28.6%	31.1%	33.8%	36.7%	39.9%	43.5%	54.2%	69.1%
200%	1.8%	6.5%	10.6%	14.8%	19.2%	24.1%	29.9%	32.5%	35.3%	38.4%	41.8%	45.5%	57.0%	73.3%

TCIAA IRR - Concession fee vs. CapEx & RepEx

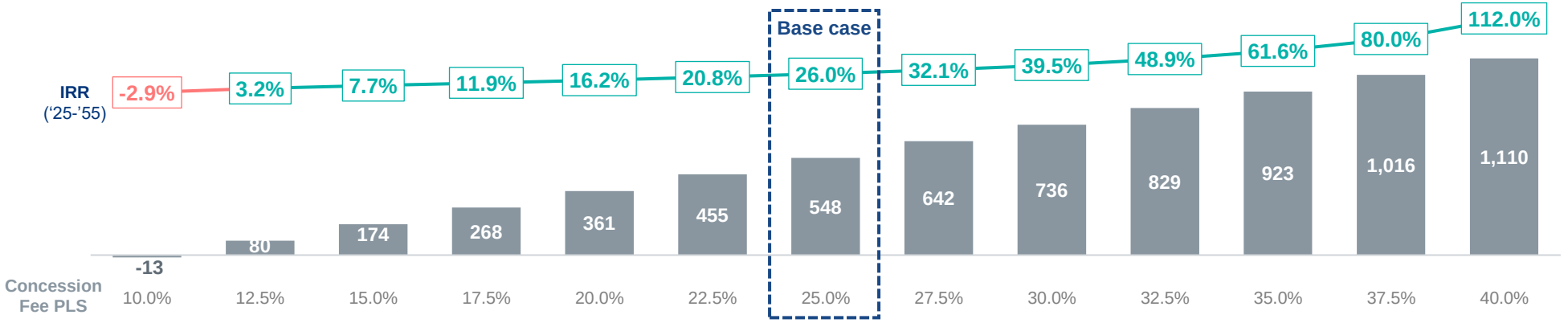
CapEx & RepEx \ Concession fee	10%	12.5%	15%	17.5%	20%	22.5%	25%	26%	27%	28%	29%	30%	32.5%	35%
-20%	-0.9%	5.5%	10.7%	15.8%	21.3%	27.6%	35.4%	39.0%	43.1%	47.6%	52.8%	58.8%	79.3%	117.1%
-10%	-2.0%	4.3%	9.1%	13.7%	18.4%	23.8%	30.0%	32.8%	35.9%	39.3%	43.0%	47.2%	60.3%	79.7%
0%	-2.9%	3.2%	7.7%	11.9%	16.2%	20.8%	26.0%	28.3%	30.8%	33.5%	36.4%	39.5%	48.9%	61.6%
10%	-3.8%	2.2%	6.6%	10.5%	14.4%	18.5%	22.9%	24.9%	27.0%	29.2%	31.5%	34.0%	41.3%	50.5%
20%	-4.7%	1.4%	5.6%	9.3%	12.8%	16.5%	20.5%	22.2%	24.0%	25.8%	27.8%	29.9%	35.8%	43.0%

Although profitability is not the main concern but covering short-term investments, with a concession fee of 25%, the IRR is 26.0%; breakeven point is below, at a ~12% concession fee

Source: TCIAA, ALG Analysis

As concession fee decreases, accumulated free cashflow becomes more negative, increasing the risk of having financing issues

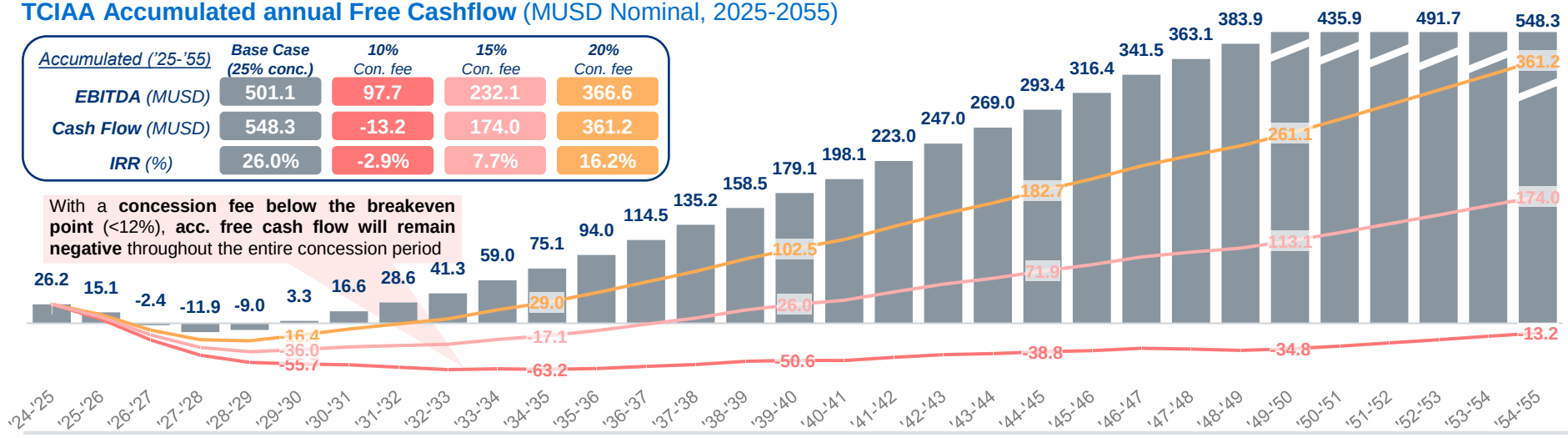
TCIAA Accumulated Free Cashflow - Concession fee sensitivity (MUSD Nominal, 2025-2055)



TCIAA Accumulated annual Free Cashflow (MUSD Nominal, 2025-2055)

Accumulated ('25-'55)	*Base Case (25% conc.)*	*10% Con. fee*	*15% Con. fee*	*20% Con. fee*
***EBITDA** (MUSD)*	501.1	97.7	232.1	366.6
***Cash Flow** (MUSD)*	548.3	-13.2	174.0	361.2
***IRR** (%)*	26.0%	-2.9%	7.7%	16.2%

With a **concession fee below the breakeven point** (<12%), **acc. free cash flow will remain negative** throughout the entire concession period



Source: TCIAA, ALG Analysis

ALG

Pere Mas
pmas@alg-global.com

Ana Gómez
agomez@alg-global.com

alg-global.com

BARCELONA
Roc Boronat, 133, 10th Floor
08018 Barcelona, Spain
T +34 934 632 300