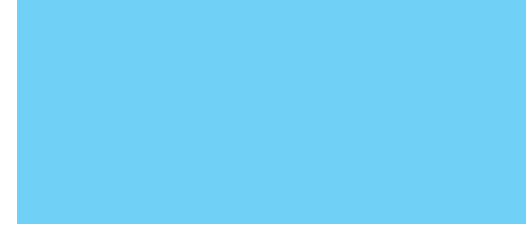




# What's going on with commercial airlines and what does it mean for Colorado?

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June 10, 2022



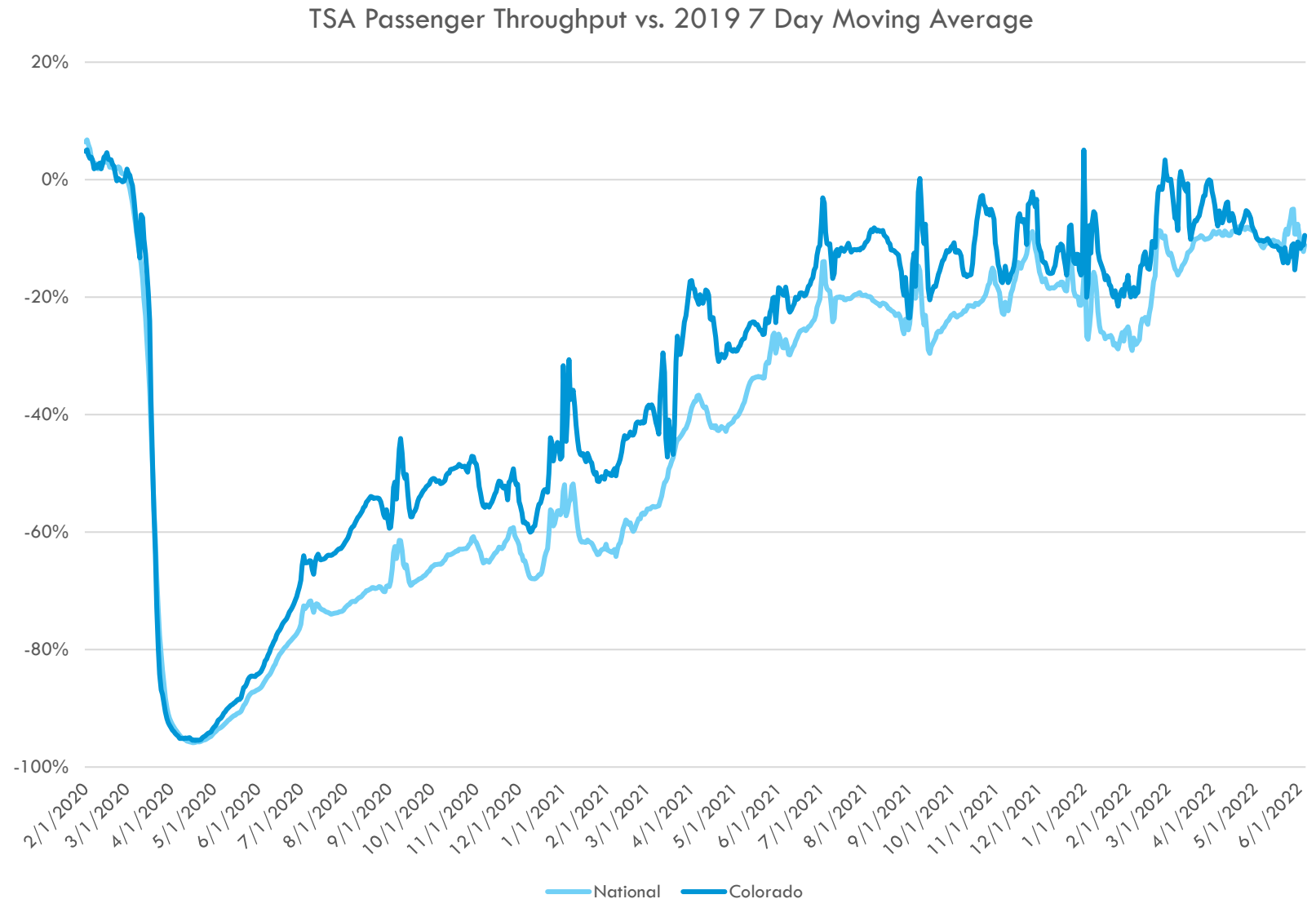
# Discussion Topics

- Broad commercial industry and COVID recovery update
- Hub recovery and strategy shifts
- Threats and challenges to growth
- Opportunities going forward



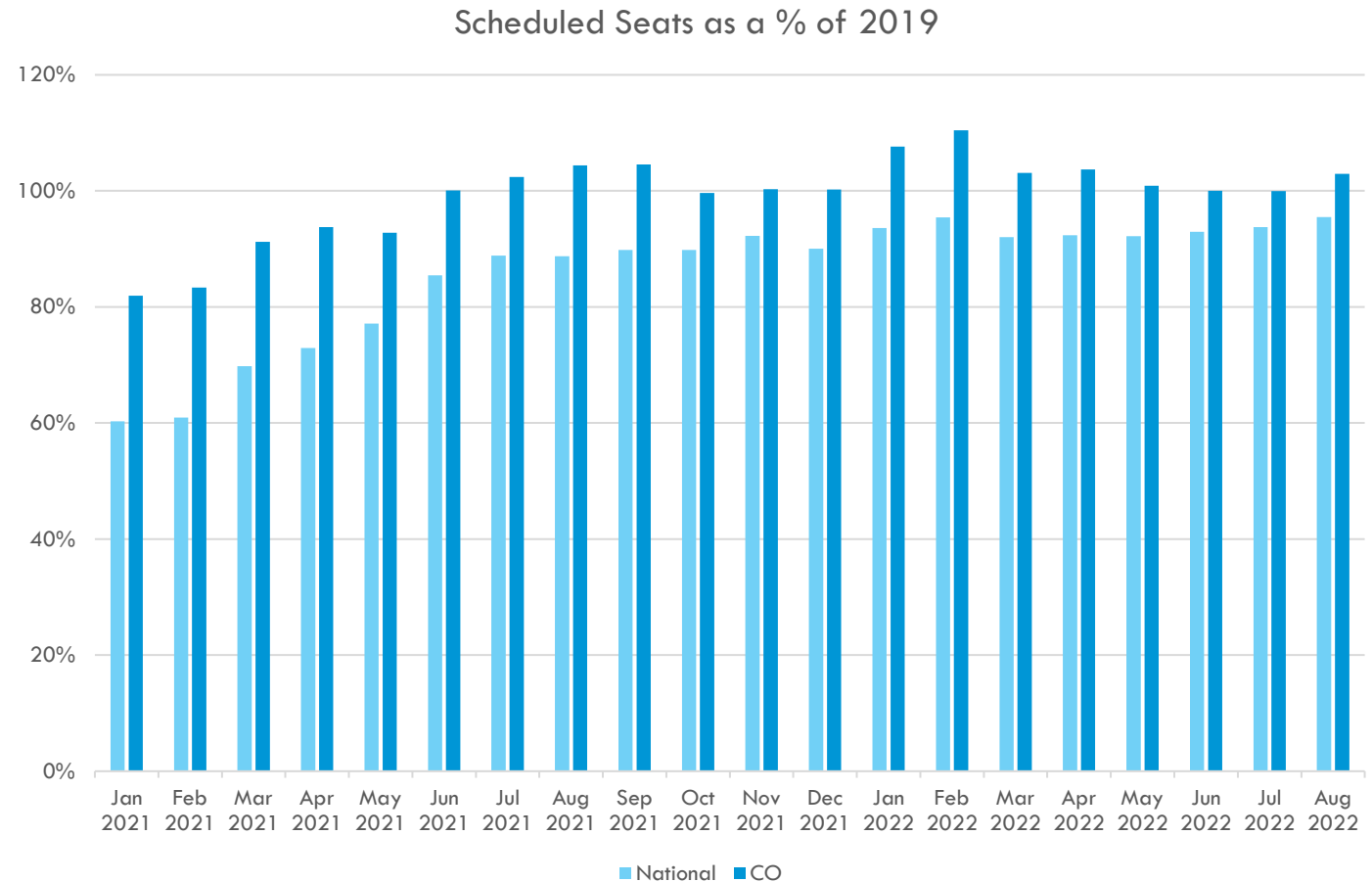
# COVID Recovery Update

- Colorado has been ahead of the national recovery trend
- Both national and Colorado are currently about 10% below 2019 levels
- Capacity constraints mean we're likely to stay about this level for this summer



# Colorado capacity recovery

- Colorado has led the recovery with capacity returning to and exceeding 2019 levels
- Last summer, Colorado had more scheduled seats than anytime in the last 10 years
- Slightly lower this summer but future schedules show more growth



# DEN heavily impacts other CO airports

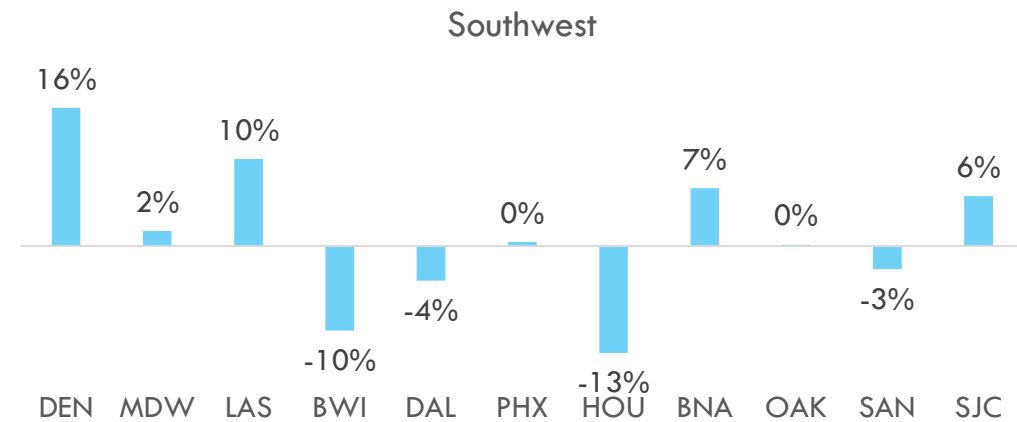
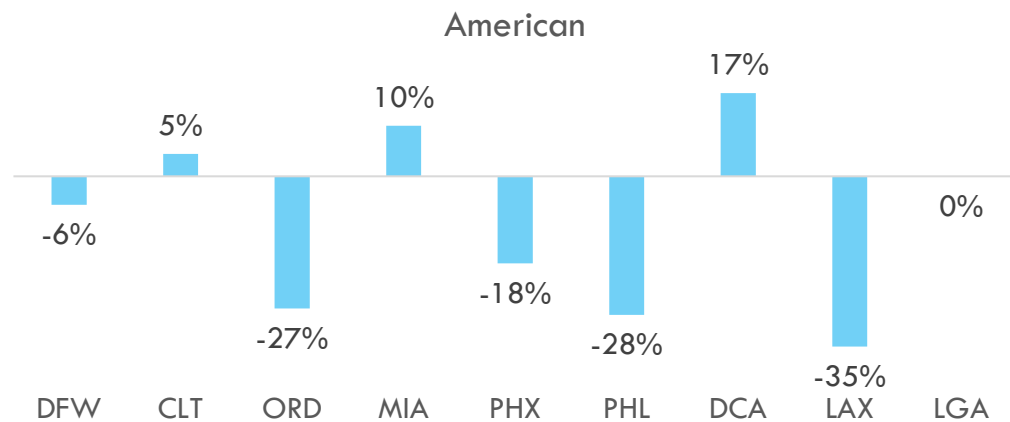
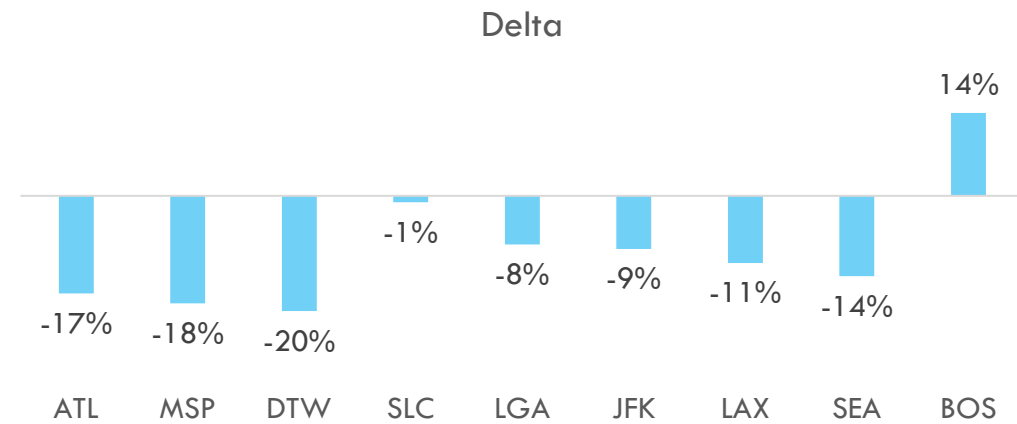
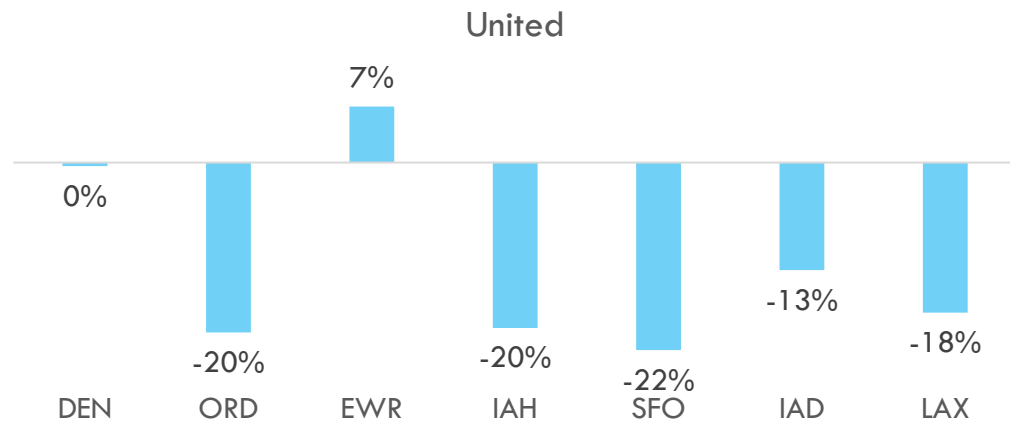
- DEN's future has a disproportionate impact on other Colorado airports

Hub Airport	% of June 2022 Seats
DEN	42%
DFW	20%
PHX	9%
LAS	8%
DAL	5%
IAH	4%
ORD	4%
Other	8%



# Not all hubs have returned to normal

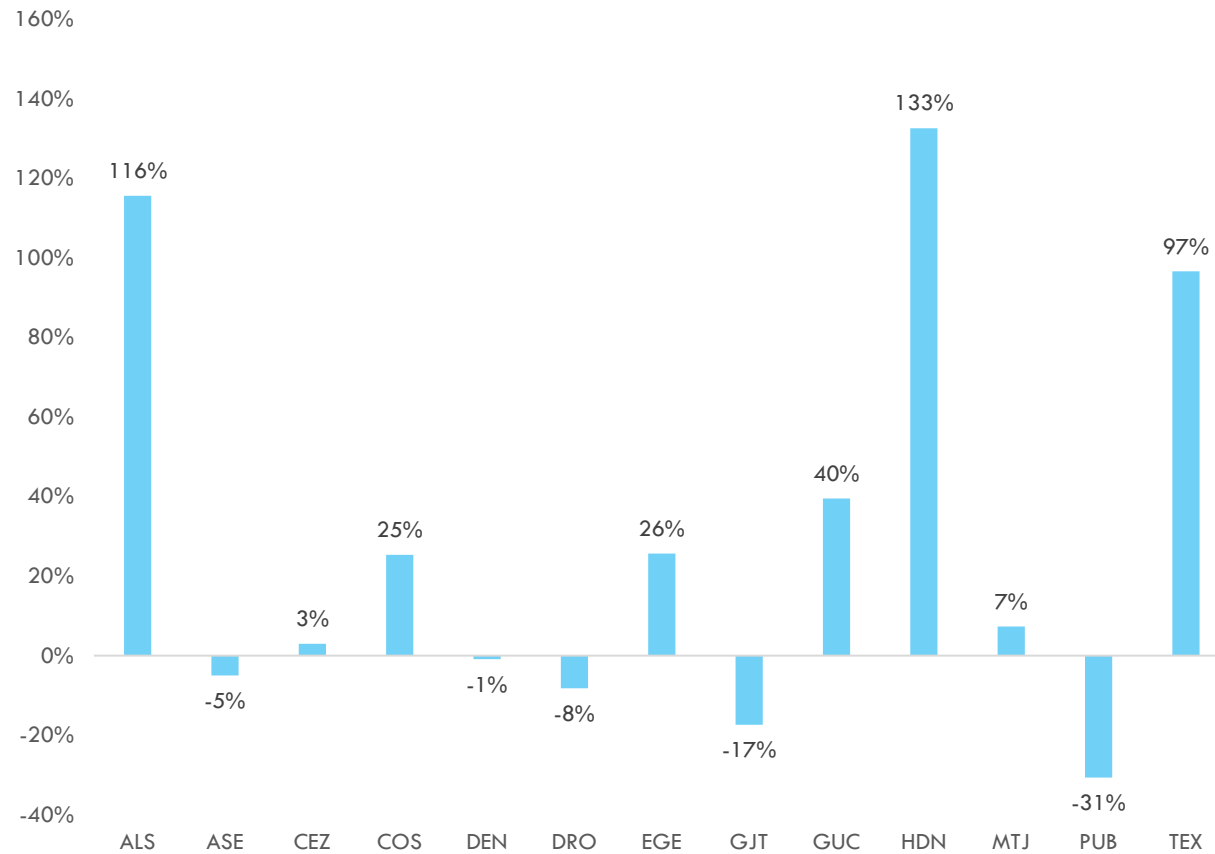
Hub Seat Capacity – June 2022 vs. June 2019



Source: Airline Data, Inc.

# CO airports all look different this summer

Scheduled Seats - June 2022 vs. June 2019



# What is driving these changes?

- Alamosa: Switch from Boutique to Denver Air Connection service
- Colorado Springs: Southwest's entry to the market; growth from Frontier
- Grand Junction: Delta's exit from the market
- Gunnison: More United growth
- Hayden: Southwest's entry to the market
- Pueblo: SkyWest reduced service and future market exit
- Telluride: Denver Air Connection growth

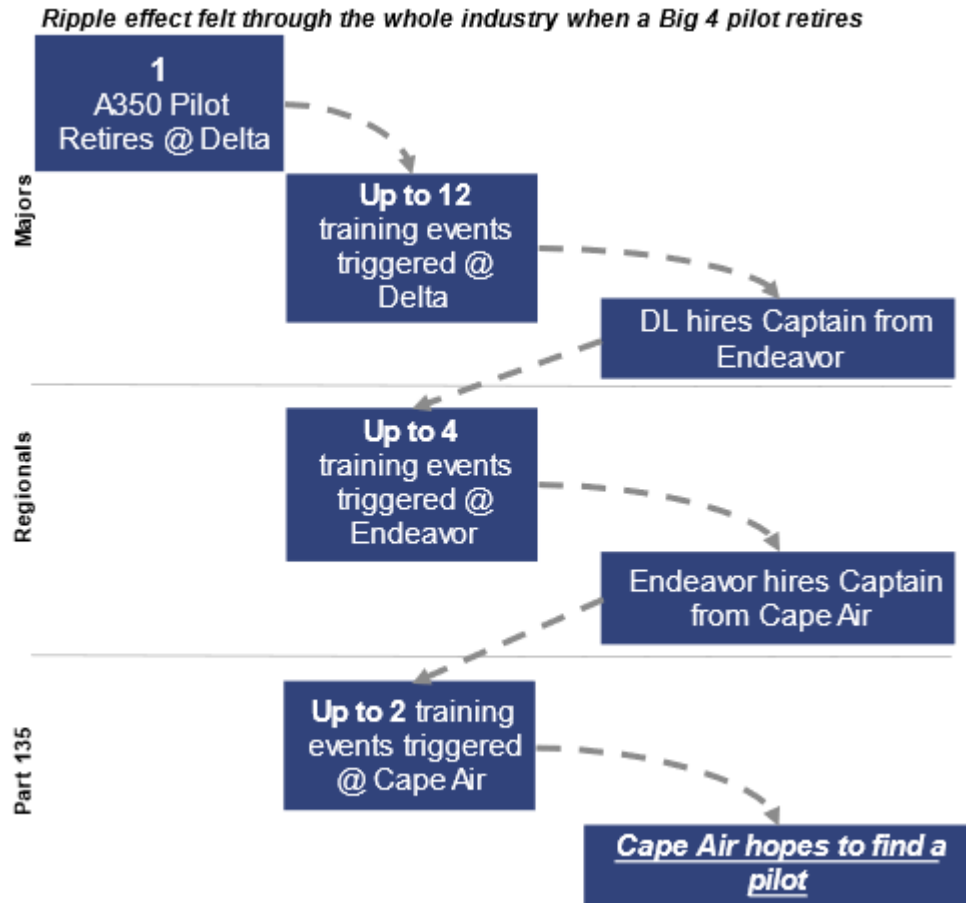


# Significant changes in regional flying

- Airlines have left dozens of smaller markets and grounded hundreds of regional jets that they cannot get the staff to fly
- SkyWest is in the process of exiting 31 Essential Air Service markets, including Alamosa and Pueblo
- Mainline early retirements during the pandemic and a faster than forecast recovery have left carriers of all sizes scrambling for pilots



# Impact of pilot retirements



# So what are airlines doing to respond?

- Airlines are working to develop the next generation of pilots, with a particular focus on under-represented groups
- Proposing legislative changes to minimum hour requirements and retirement ages
- Cutting flights and destinations to more realistic levels given the staffing they have



# Likely to be a long-term impact

*“I wish I could say it’s already getting ready to improve, but it’s not. It’s going to get worse before it gets better.”*  
- Matt Koscal, EVP Republic Airways Inc.

*“We’re flying dramatically fewer regional jets today than we were in 2019. And we don’t expect that to improve at all in the next few years.”*  
- Andrew Nocella, United Chief Commercial Officer



# This drives significant fleet changes

## On the way out



## New focus



# “Wingless flights”

- Colorado is one of three states where Landline bus service is operating on behalf of a major airline
- Bus “flights” depart from a gate at DEN, carry United flight numbers, and bags are checked through
- Currently service to Breckenridge and Fort Collins in Colorado, but significant potential to grow



# What we're going to see this year



Fewer flights



Fuller flights



More expensive flights

Questions?

