

MEDIA RELEASE

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Moody's Upgrades STL Airport Bonds to A2, Outlook Stable

(Aug 8, 2018 - St. Louis, MO) Moody's Investors Service has upgraded airport revenue bonds for St. Louis City to A2, from A3, and Outlook to Stable. Moody's cited the upgrade based on St. Louis Lambert International Airport's (STL) "positive trajectory of credit metrics such as liquidity, declining leverage and enplanement growth."

The upgrade impacts approximately \$657 million in rated debt with Moody's citing that debt service will incrementally improve over the near term with STL's declining cost structure and positive enplanement trend driving increasingly competitive cost per enplanement (CPE). The upgrade was further bolstered by rapid growth in connecting enplanements, new routes and increased flight frequencies and growth in passenger seats to the market. FY2017 CPE for STL was \$11.10, down from \$11.89 in FY2016, or a decrease of 6.6 percent. Final FY2018 CPE statistics are still pending, but the Airport initially set the rate at \$9.90.

"STL's rating upgrade reflects a continuous strategic focus on improving air service options for the St. Louis region, which has led to new routes and growth in connecting traffic," said STL Director Rhonda Hamm-Niebruegge. "That growth, coupled with increasingly competitive operational costs, has really given the Airport great momentum in improving our financial sustainability."

"This credit upgrade shows the continuing confidence that Moody's has in our management team at St. Louis Lambert International Airport," said St. Louis Comptroller Darlene Green. "The airport is in a strong financial position showing nearly three years of passenger growth, three credit upgrades and added domestic and international flights."

For FY2018, ending in June 2018, the airport served 15,133,683 total passengers, a difference of 774,000 passengers or a 5.4 percent increase over FY2017. In the first six months of CY2018, STL has served than 7.5 million passengers, an increase of more than 403,000 passengers or 5.6 percent. The Airport has now recorded 34 straight months of passenger growth.

Moody's cited that STL's new service on WOW air, with international service to Reykjavik, Iceland, and Southwest Airlines continued expansion of flights are performing better than initial expectations and is expected to contribute 2-3 percent year-over-year increase on O&D (local, originating passengers) enplanements.

Southwest just launched new non-stop service between ST. Louis and Hartford, CT (BDL) on Tuesday this week. Southwest has 115 peak daily departures this summer to 52 destinations, eight more daily flights than two summers ago. Southwest drives more than 96 percent of connecting traffic for STL. As a whole, STL recorded a 29 percent increase in connecting enplanements for FY2018.

More growth is coming this fall. The Airport will welcome Sun Country Airlines as its 11th major passenger air carrier. Sun Country has announced new scheduled service for two weekly flights to Fort Myers, FL (RSA) beginning Oct. 3 and two weekly flights to Tampa, FL (TPA) beginning Nov. 1. Sun Country will operate out of Terminal 1, Concourse C.

For the full Moody's STL rating upgrade announcement:

https://www.moodys.com/research/Moodys-upgrades-to-A2-from-A3-St-Louis-MO-Airports--PR_904681056

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St. Louis Lambert International Airport (STL) is the primary commercial airport for eastern Missouri and southern Illinois serving more than 15 million passengers annually. STL is an Enterprise Fund Department of the City of St. Louis. It is wholly supported by airport user charges. No general fund revenues are used for the operation, administration, promotion or maintenance of airport facilities. For more information on flights and services at St. Louis Lambert International Airport, log onto www.flystl.com.