



Princess Juliana
International Airport
Operating Company N.V.

All Staff
Princess Juliana International Airport Exploitiemaatschappij N.V.
Simpson Bay
St. Maarten

Date : June 5, 2020
Our Reference : PJIAE/MB/bm/477

Subject: Financial Impact of the Corona Virus for PJIAE

Dear employees,

The Covid-19 has a serious impact on the people of Sint Maarten, the Airport and especially you as staff. Our thoughts are with the families who have been affected and those who have lost a loved one. Our working and personal life have been disrupted by the curfew, restricted airspace and other measures.

As we are all aware, the Corona crisis is still causing major impact on economic activities. The aviation industry has been hit disproportionately hard and has practically come to a standstill. Although airlines are restarting some flights, the business outlook is still very weak and there are a lot of uncertainties and restrictions for international flights.

The impact of this crisis is far worse than Hurricane Irma, which we were still recovering from. Since the middle of March 2020, when the restricted airspace started, flights have come to a standstill, except for cargo, medical evacuation and repatriation flights. Since then, the impact on the revenues of the airport is obviously dramatic and it moved close to zero. We expect that the impact of revenues to remain very serious for the remainder of 2020 and 2021 at least. Even with an optimistic assumption of recovery of passenger volumes to 35 % by end 2020 and 50-60 % in 2021 compared to 2019, the loss of revenues compared to our business plan will be in the order of ANG 200 million up to 2023.

The impact of COVID-19 requires us to act proactively on both financial & social impacts. Immediately when PJIAE knew the outlook was grim, we implemented a barebone operational model. We adjusted the needed services from contractors to a minimum and adjusted their charges significantly. These reductions with the contractors varied between the range of 50% - 75%. This had a significant impact on these contractors and their staff in terms of work for the airport. We eliminated all unnecessary expenditures. Further, we put on hold all planned and necessary capital expenditures other than the work needed to rebuild the Airport Terminal.

All to guarantee the future of our airport, with little to significant lower revenues coming in, only reducing third party expenses is not enough. With no income we are depleting our cash & bank balances to pay the staff salaries.

The long-term business continuity of the airport is crucial and therefore we need to make sure that the available limited cash we have, will cover our expenses and debt obligations, to bridge the period that the market has been fully recovered, which is expected in 2023.



As you might know, during this period, the Insurance Proceeds & World Bank/EIB bank funding has been released. These funds are primarily committed and dedicated for the reconstruction costs of the Terminal only and cannot be used otherwise. There is a small amount available for business interruption. We realize that our outstanding bonuses and vacation pays are overdue to employees. However, at this time we do not think it will be financially responsible to pay out these outstanding bonuses and vacation pays. While these funds prevent us from taking even harsher measures, it is not enough to cover all the costs. In addition to the COVID-19 crisis, the 2020 Atlantic Hurricane season commenced on June 1st, which could lead to other business interruptions.

The outcome of this analysis and with the goal to secure our business continuity during this COVID-19 crisis brought the Executive Team to the difficult conclusion, that personnel cost had to be reduced as well. This has been shared with the Unions in April 2020. The core of this proposal was basic pay only, meaning cancelling of the full year 2020 bonus, deferment of vacation pays until further notice, and no overtime during this difficult period.

The unions have provided their input. We appreciate their response and we will use their input to have further discussions. Following the May 2020 decision, the government has set a deadline for the introduction of proposed personnel cost reduction measures, as part of the conditions to receive support from the Netherlands (Kingdom Government). As set out, we have started this process already earlier in April, because the Airport has virtually no revenues, and therefore is in an even more difficult position than other government owned companies. The airport therefore has an even bigger cost challenge to face.

I recognize that this news is very disappointing to all and hoped we would not have had to take these steps. But with each passing month, the financial impact of the coronavirus has become more apparent and heavier.

Considering all this, the executive team will consult with the unions the coming days on the best way forward to realize the required and necessary reduction in personnel costs keeping the interest of all of you and the company into account.

We appreciate all your hard work. With the help of the PJIAE Covid-19 Taskforce, we take all possible measures to keep you, our passengers and the entire airport community safe.

We will keep you informed on the final decisions on the cost reduction measures. In the meantime, should you have any questions, please don't hesitate to speak with your direct manager or contact HR.

Trusting to have informed you sufficiently.

Sincerely,
PJIAE N.V.



Brian Mingo
Chief Executive Officer



Michel Hyman
Chief Operations Officer