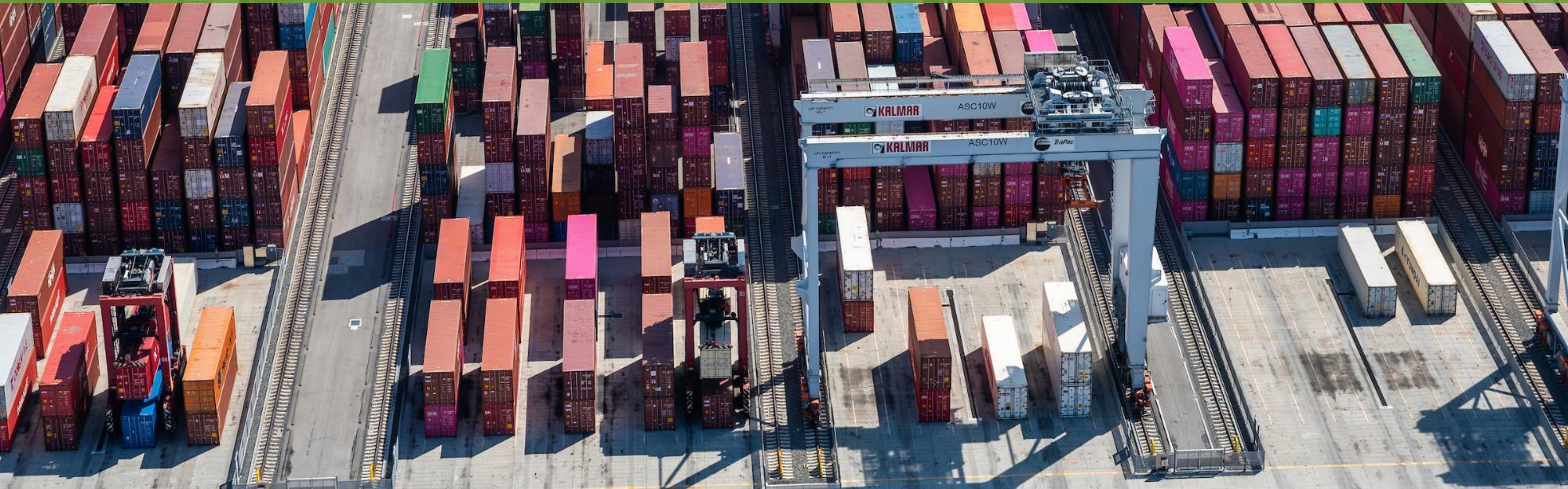
THE PORT OF LOS ANGELES

America's Port

FY 2025 Proposed Operating Revenue Sensitivities

May 23, 2024



FY 2025 Proposed Op. Revenues = $684.7M

- Staff presented its initial Proposed FY 2025 Operating Revenue Budget at the April 11, 2024 Board Meeting. Over the past month, staff has continued to refine FY 2025 estimates.
  - Staff intends to propose a minor update to FY 2025 Operating Revenues at the June 6, 2024 Board Meeting.
  - FY 2025 Proposed Operating Revenues of **$684.7M**, represent less than a 0.1% change relative to the $685.2M figure presented in April.

	FY 2025 Proposed (April Meeting)		FY 2025 Proposed (June Meeting)	$ Increase (Decrease)
TEUs	9,103,054		9,103,054	-
Shipping Services	$505,073,708		$502,976,833	($2,096,875)
Rentals	$107,598,482		$107,598,482	$-
Royalties & Fees	$6,817,182		$6,817,182	$-
Clean Truck Fees	$34,748,708		$36,396,225	$1,647,517
Other Operating Revenues	$30,925,670		$30,925,670	$-
Total Operating Revenues	**$685,163,751**		**$684,714,393**	**($449,358)**

FOR DISCUSSION PURPOSES ONLY. ROUNDING OF FIGURES MAY OCCUR.

FY 2025 Operating Revenue Sensitivities

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- Based upon Board feedback at the April meeting, staff prepared the following revenue sensitivities:
  - **MAG**: Assumed that all container terminals would only handle enough TEUs to meet their respective MAGs.
  - **Midpoint**: Average of MAG and Base Case for container terminal wharfage, pilotage, space assignments and Clean Truck Fund Rate (CTFR) receipts.
  - **Base Case**: Assumes 9,103,054 TEUs as detailed on the prior slide.

Scenario	MAG	Midpoint	Base Case
TEUs	6,590,069	7,828,627	9,103,054
Container Terminal Wharfage	$337,503,599	$375,973,569	$418,547,769
Other Wharfage	$52,867,467	$52,867,467	$52,867,467
Pilotage	$10,372,999	$12,350,762	$14,328,525
Space Assignments	$9,557,547	$11,428,228	$13,298,910
CTFR Receipts	$28,957,513	$30,996,850	$33,036,187
Other Revenues	$152,635,535	$152,635,535	$152,635,535
Total Operating Revenues	**$591,894,661**	**$636,252,411**	**$684,714,393**

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Additional Sensitivity Results – Constant OpEx.

- Based upon the sensitivity results detailed in the prior slide, and assuming that FY 2025 Proposed Operating Expenses remain unchanged at $403.7M, staff observed the following impacts:
  - **MAG**: Assuming a 28% decline in cargo volumes, revenues would decline by 14%, and margin would drop to **31.8%.**
  - **Midpoint**: Assuming a 14% decline in cargo volumes, revenues would decline by 7%, and margin would be **36.6%**.
  - **Base Case**: No decline in cargo volumes or revenues would result in a **41.0%** margin.

Scenario	MAG	Midpoint	Base Case
Sensitized TEUs	6,590,069	7,828,627	9,103,054
% Decline from Base Case	*-28%*	*-14%*	*-*
Sensitized Operating Revenues	$591,894,661	$636,252,411	$684,714,393
% Decline from Base Case	*-14%*	*-7%*	*-*
Less: Operating Expenses	($403,695,031)	($403,695,031)	($403,695,031)
Equals: Sensitized Operating Income	**$188,199,630**	**$232,557,380**	**$281,019,362**
Sensitized Operating Margin %	*31.8%*	*36.6%*	*41.0%*

Additional Sensitivity Results – Constant Margin

- Alternatively, staff analyzed what amount of operating expense reductions would be required in order to continue meeting its base case operating margin of 41.0%, summarized as follows:
  - **MAG**: Operating expenses would need to fall by **$54.7M, or 14%.**
  - **Midpoint**: Operating expenses would need to fall by **$28.6M, or 7%**.
  - **Base Case**: No decline in operating expenses.

Scenario	MAG	Midpoint	Base Case
Sensitized Operating Revenues	$591,894,661	$636,252,411	$684,714,393
Multiply by: Expense Margin	59.0%	59.0%	59.0%
Equals: Sensitized Operating Expenses	$348,970,222	$375,122,737	$403,695,031
Less: Base Case Op. Ex.	($403,695,031)	($403,695,031)	($403,695,031)
Equals: Expense Reduction	**($54,724,809)**	**($28,572,294)**	**$-**

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