

FINANCIAL REPORT SUMMARY – RESULTS AS OF JUNE 30, 2018

This Aéroports de Montréal financial report presents the consolidated operating results for the three months and six months ended June 30, 2018. These results are accompanied by data on passenger traffic at Montréal-Trudeau International Airport.

Highlights

The number of passengers at Montréal-Trudeau continues to grow in 2018, with the airport welcoming 4.8 million passengers in the second quarter of 2018 and 9.2 million in the first six months of the year. These are increases of 7.1% and 7.0%, respectively. The three sectors - domestic, transborder and international – all contributed to this growth.

EBITDA (excess of revenues over expenses before financial expenses, taxes, depreciation and impairment of property and equipment) was \$83.7 million for the second quarter of 2018, an increase of \$14.7 million, or 21.3%, compared to the corresponding period in 2017. It represents 52.5% of revenues compared to an indicator of 49.4% in the second quarter of 2017. For the six-month period ended June 30, 2018, EBITDA amounted to \$149.1 million, an increase of \$19.5 million, or 15.0%, compared to the same period in 2017. In addition, EBITDA represents 48.9% of revenues compared to 47.1% in the first half of 2017.

The Corporation's capital investments were \$62.0 million in the second quarter of 2018 and \$86.3 million in the first six months of 2018 (\$60.0 million and \$90.5 million, respectively in 2017). Investments in the airports were financed by cash flows from operating activities.

Financial results

Consolidated revenues in the second quarter of 2018 rose to \$159.3 million, an increase of \$19.6 million, or 14.0%, compared with 2017. Consolidated revenues as of June 30, 2018 increased by \$29.9 million, or 10.9%, from \$274.9 million to \$304.8 million in 2018. This increase is mainly attributable to the increase in passenger traffic and the AIF increase from \$25 to \$30 on April 1, 2018.

Operating expenses for the quarter under review were \$48.5 million, an increase of \$2.8 million, or 6.1%, over the same period the previous year. For the six months ended June 30, 2018, operating expenses increased by \$7.1 million, or 7.5%, from \$95.1 million to \$102.2 million. This variance is mainly due to the increase in operating expenses related to winter conditions, support costs to ensure better fluidity of the passenger process, and the implementation of security measures since April 2017.

Transfers to governments (payments in lieu of municipal taxes and rent paid to Transport Canada) totalled \$27.1 million in the second quarter of 2018 and \$53.5 million in the first six months of 2018 (\$25.0 million and \$50.2 million, respectively, in 2017), representing nearly 18% of the Corporation's total revenues.

Depreciation and impairment of property and equipment amounted to \$34.5 million in the quarter under review, an increase of \$1.5 million, or 4.5%, over the same period in 2017. For the six months ended June 30, 2018, depreciation and impairment expense was \$69.9 million, up \$4.6 million, or 7.0%, from 2017. This increase is mainly attributable to the commissioning of projects completed during 2017.

Financial expenses remained relatively stable at \$26.3 million in the quarter under review, an increase of \$0.3 million, or 1.2%. Financial expenses of \$52.2 million at June 30, 2018 represented an increase of \$1.5 million, or 3.0%, compared to the 2017 first-half. This variance is mainly due to the higher

interest expense following the issuance of the Series N bonds in April 2017, net of interest income generated by surplus cash.

The quarter ended June 30, 2018 resulted in a \$22.9 million excess of revenues over expenses compared to \$10.0 million for the same period in 2017, an increase of \$12.9 million, or 129.0%. As of June 30, 2018, the accumulated excess of revenues over expenses amounted to \$27.0 million compared to \$13.6 million for the same period in 2017, an increase of \$13.4 million, or 98.5%.

(in millions of dollars)	Second quarter			Six months ended June 30		
	2018	2017	Variance (%)	2018	2017	Variance (%)
Revenues	159.3	139.7	14.0	304.8	274.9	10.9
Operating expenses	48.5	45.7	6.1	102.2	95.1	7.5
Payments in lieu of municipal taxes	10.0	10.5	(4.8)	21.0	21.5	(2.3)
Rent paid to Transport Canada	17.1	14.5	17.9	32.5	28.7	13.2
Depreciation and impairment of property and equipment	34.5	33.0	4.5	69.9	65.3	7.0
Financial expenses (net)	26.3	26.0	1.2	52.2	50.7	3.0
Total expenses	136.4	129.7	5.2	277.8	261.3	6.3
Excess of revenues over expenses	22.9	10.0	129.0	27.0	13.6	98.5
EBITDA	83.7	69.0	21.3	149.1	129.6	15.0

EBITDA is a financial measurement that is not recognized by International Financial Reporting Standards (IFRS). It is therefore unlikely to be comparable to similar measures used by other entities that are not airports. EBITDA is defined by the Corporation as the excess of revenues over expenses before financial expenses, taxes, depreciation and impairment of property and equipment. It is used by management as an indicator to evaluate operational performance. EBITDA is meant to provide additional information and is not intended to replace other performance measures prepared under IFRS.

Passenger traffic

During the second quarter of 2018, total passenger traffic at Montréal-Trudeau increased by 7.1% to 4.8 million. International traffic was up 8.5%, domestic traffic grew 4.1%, and transborder (US) traffic climbed by 9.8% compared to the same quarter last year.

On a cumulative basis, total passenger traffic increased 7.0% in the first six months of 2018, to 9.2 million. International traffic was up 8.5%, domestic traffic rose 3.8% and transborder traffic (US) grew by 9.6% over the same period last year.

Total passenger traffic*

	Aéroports de Montréal ('000)		
	2018	2017	Variance
January	1,419.1	1,347.9	5.3%
February	1,338.4	1,262.3	6.0%
March	1,629.7	1,490.0	9.4%
April	1,490.2	1,449.4	2.8%
May	1,520.8	1,410.4	7.8%
June	1,766.4	1,601.8	10.3%
Total at June 30	9,164.6	8,561.8	7.0%

**Note: Total passenger traffic includes revenue and non-revenue passengers.*

Source: Aéroports de Montréal, preliminary results