

ADM ANNOUNCES ITS FINANCIAL RESULTS AT JUNE 30, 2020

Montréal, July 28, 2020 – ADM Aéroports de Montréal today announced its cumulative consolidated operating results for the six-month period ended June 30, 2020. These results are accompanied by passenger traffic data from YUL, Montréal-Trudeau International Airport.

Highlights

The number of passengers at YUL continued to show a sharp decline and stood at 156,000 passengers in the second quarter of 2020, a 96.9% decrease compared to the same period in 2019. This decrease is directly related to the international health crisis associated with COVID-19 and the effect it is having on all sectors.

EBITDA (excess of revenues over expenses before financial expenses, taxes, depreciation, impairment and share in the results of a joint venture) was negative by \$26.0 million for the second quarter of 2020, a decrease of \$111.4 million, or 130.4%, compared with the same period a year earlier. For the six-month period ended June 30, 2020, EBITDA was \$47.5 million, a decrease of \$127.5 million, or 72.9%, compared with the same six-month period in 2019.

The Corporation's capital investments totalled \$55.4 million during the second quarter of 2020 and \$160.3 million during the first six months of 2020 (\$77.2 million and \$116.5 million, respectively, in 2019). Airport investments for the six-month period were financed by cash flows from operating activities, including airport improvement fees, as well as by long-term debt.

Quote

“These second-quarter results reflect the devastating effects of the pandemic on the financial health of our organization and will have a definite impact on ADM's ability to deliver certain projects at our airport site, which are essential for the good of the community,” said Philippe Rainville, President and CEO of ADM Aéroports de Montréal. “The aviation sector has been especially affected by the restrictions that have been put in place and will struggle to recover if the situation persists. While the country and the province have begun deploying their deconfinement plans in recent weeks and many economic sectors have resumed their activities, it would be timely to discuss a gradual and targeted opening of the borders. Thanks to proven [sanitary measures](#), ADM and its partners, including the airlines, are well prepared to receive more travellers at YUL in a well-controlled environment.”

Financial results

Consolidated revenues were \$28.1 million in the second quarter of 2020, a decrease of \$142.0 million, or 83.5%, compared with the same period in 2019. Year-to-date revenues at June 30, 2020 were \$176.9 million, a decrease of \$171.2 million, or 49.2%, over 2019. This result is a consequence of the current pandemic which has resulted in significant travel restrictions around the world since March 2020.

Operating expenses for the second quarter amounted to \$40.7 million, a decrease of \$15.3 million, or 27.3%, over the previous year. For the six-month period ended June 30, 2020, operating expenses

decreased by \$12.5 million, or 10.9%, from \$115.2 million to \$102.7 million. ADM has adopted measures to reduce its operating costs, in particular those related to the reduction of airport activities and the temporary closure of certain areas of the terminal. In addition, ADM implemented wage cuts, did not replace positions left vacant by departures, and applied for relief measures through the Canada Emergency Wage Subsidy program.

Transfers to governments (payments in lieu of taxes to municipalities and rent to Transport Canada) amounted to \$13.4 million for the second quarter and \$26.7 million for the first six months of 2020 (\$28.7 million and \$57.9 million, respectively, in 2019). This decrease is attributable to lower revenues and to the rent exemption granted by Transport Canada. This exemption represents a savings of \$12 million for the six-month period.

Depreciation and impairment of property and equipment and right-of-use assets amounted to \$39.0 million during the three months ended June 30, 2020, an increase of \$0.9 million, or 2.6%, over the same period in 2019. For the first six months of 2020, it totalled \$77.7 million, an increase of \$2.7 million, or 3.6%, over the first six months of 2019. This increase is mainly due to the commissioning of projects completed during 2019.

Net financial expenses totalled \$25.6 million for the quarter under review, an increase of \$1.0 million, or 4.4%, over the same period last year. Cumulative net financial expenses as at June 30, 2020 totalled \$48.8 million, remaining relatively stable compared with the corresponding period of 2019. The variance in net financial expenses is mainly due to interest income generated by cash surpluses following the issuance of the R bond series in April 2020, net of the increase in interest expense.

For the quarter ended June 30, 2020, there was a deficiency of revenues over expenses of \$90.7 million compared to an excess of revenues over expenses of \$22.9 million for the same period in 2019, a decrease of \$113.6 million. At June 30, 2020, the deficiency of revenues over expenses was \$78.9 million, a decrease of \$130.0 million compared with the same period in 2019.

(in millions of dollars)	Second quarter			Cumulative June 30		
	2020	2019	Variance (%)	2020	2019	Variance (%)
Revenues	28.1	170.1	(83.5)	176.9	348.1	(49.2)
Operating expenses	40.7	56.0	(27.3)	102.7	115.2	(10.9)
Payments in lieu of municipal taxes	10.1	10.3	(1.9)	20.1	20.5	(2.0)
Rent paid to Transport Canada	3.3	18.4	(82.1)	6.6	37.4	(82.4)
Depreciation and impairment of property and equipment and of right-of-use assets	39.0	38.1	2.6	77.7	75.0	3.6
Financial expenses (net)	25.6	24.6	4.4	48.8	49.2	(0.8)
Total expenses	118.7	147.4	(19.5)	255.9	297.3	(13.9)
Excess (deficiency) of revenues over expenses before share in the results of a joint venture and income taxes	(90.6)	22.7	(499.1)	(79.0)	50.8	(255.5)
Share in the results of a joint venture	0.1	0.2	(50.0)	0.3	0.3	-
Income taxes	(0.2)	-	-	(0.2)	-	-
Excess (deficiency) of revenues over expenses	(90.7)	22.9	(496.1)	(78.9)	51.1	(254.4)

EBITDA	(26.0)	85.4	(130.4)	47.5	175.0	(72.9)
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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 ADM as the excess of revenues over expenses before financial expenses, taxes, depreciation, impairment and share in the results of a joint venture. 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.

Outlook for 2020

Continued border closures with the United States and internationally, as well as the absence of a vaccine to counter the effects of COVID-19, will continue to negatively affect passenger traffic, carrier activities and ADM's financial results. ADM continues to monitor the situation to respond quickly to changes, namely by implementing cost-cutting measures. Once passenger traffic returns to more normal levels, ADM will focus on critical capital projects, namely those related to the maintenance of its assets as well as those required to replace assets that have reached the end of their useful life, in accordance with its obligations under the land lease linking ADM to the Government of Canada.

Passenger traffic

In the second quarter of 2020, traffic at YUL totalled 156,000 passengers, a 96.9% decrease from 2019. International traffic decreased by 97.2%, transborder (U.S.) traffic decreased by 99.0%, while domestic traffic decreased by 95.3% compared to the second quarter of 2019.

Cumulative passenger traffic declined by 56.2% in the first six months of 2020, to 4.2 million. International passenger traffic decreased by 52.5%, transborder (U.S.) passenger traffic decreased by 58.1%, while domestic passenger traffic decreased by 59.4% compared to the same period last year.

Total passenger traffic*

Aéroports de Montréal ('000)			
	2020	2019	Variance
January	1,595.0	1,532.1	4.1%
February	1,533.8	1,432.5	7.1%
March	956.0	1,712.7	-44.2%
April	33.5	1,568.0	-97.9%
May	38.4	1,603.2	-97.6%
June	84.3	1,838.5	-95.4%
Total	4,241.0	9,687.0	-56.2%

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

Source: Aéroports de Montréal

About Aéroports de Montréal

ADM Aéroports de Montréal is the airport authority for the Greater Montréal area responsible for the management, operation and development of YUL Montréal-Trudeau International Airport, certified 4-stars under the Skytrax World Airport Star Rating program, and YMX International Aerocity of Mirabel.

Source:

Aéroports de Montréal

Public Affairs 514 394-7304

affaires.publiques@admtl.com