



ANNUAL REPORT

2020



Aéroports
de **Montréal**



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Thank you to Tiezheng Bu for providing us with the base photo for the cover of this document.

Corporate Profile

01



CORPORATE PROFILE

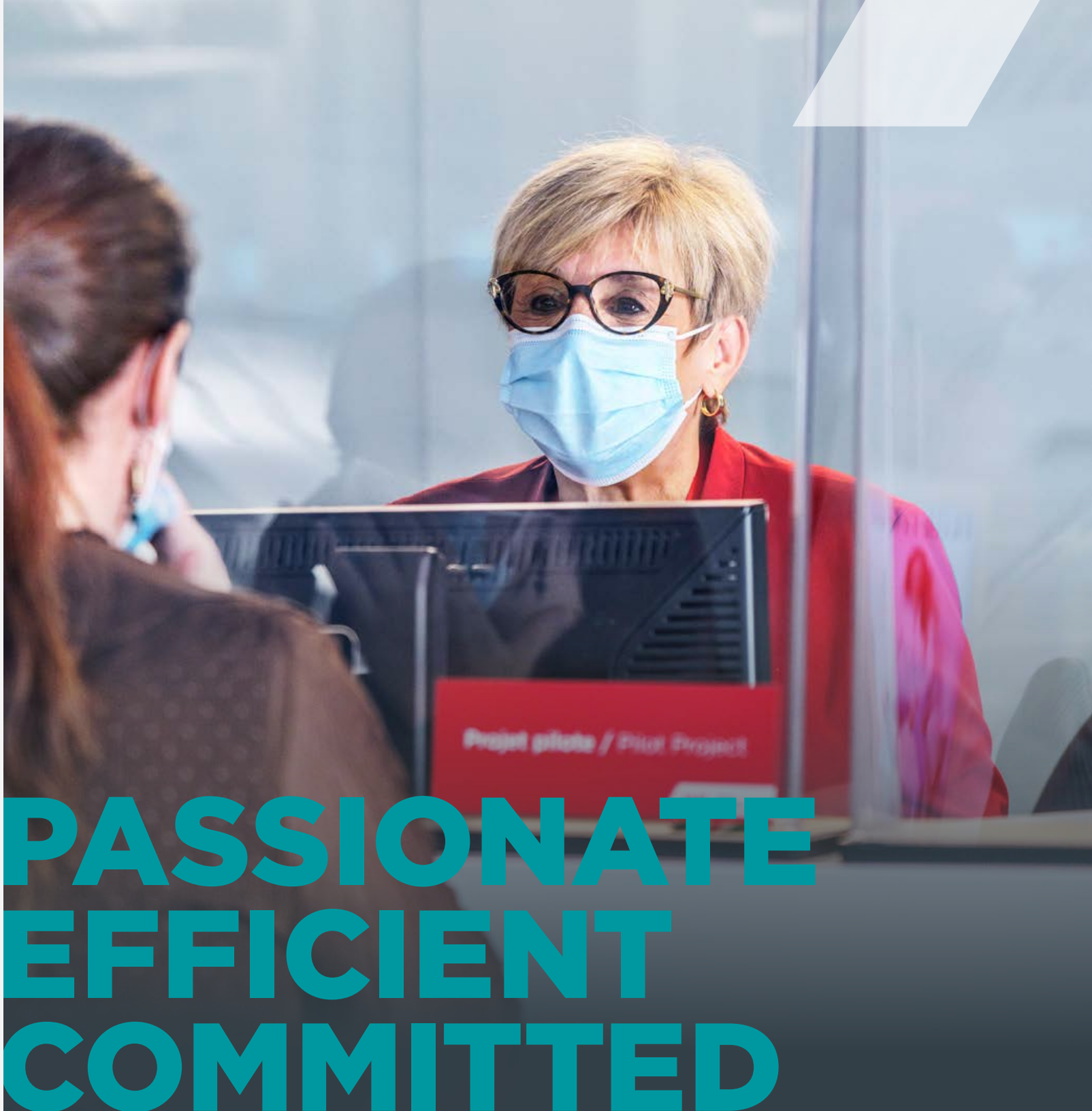
ADM Aéroports de Montréal, the Greater Montréal airport authority, is responsible for the management, operation and development of YUL Montréal-Trudeau International Airport and YMX International Aerocity of Mirabel under a lease entered into with Transport Canada in 1992 and expiring in 2072. ADM is committed to succeeding in its various business sectors – airport, real estate and commercial services – and to developing each of its two sites to their full potential. Accordingly, YUL serves as a hub for domestic, transborder and international passenger transportation, while YMX serves as a world-class all-cargo airport and aerospace hub. Montréal-Trudeau International Airport and the International Aerocity of Mirabel are major centres of economic activity and development drivers for Greater Montréal.



ADM MISSION

From a sustainable development perspective, ADM's mission is to:

- Connect Montréal to the world through the talent and passion of its teams;
- Offer a remarkable, safe and efficient experience while ensuring the enhancement of its facilities;
- Contribute to the prosperity of its community by embodying the vitality of Greater Montréal.



PASSIONATE
EFFICIENT
COMMITTED

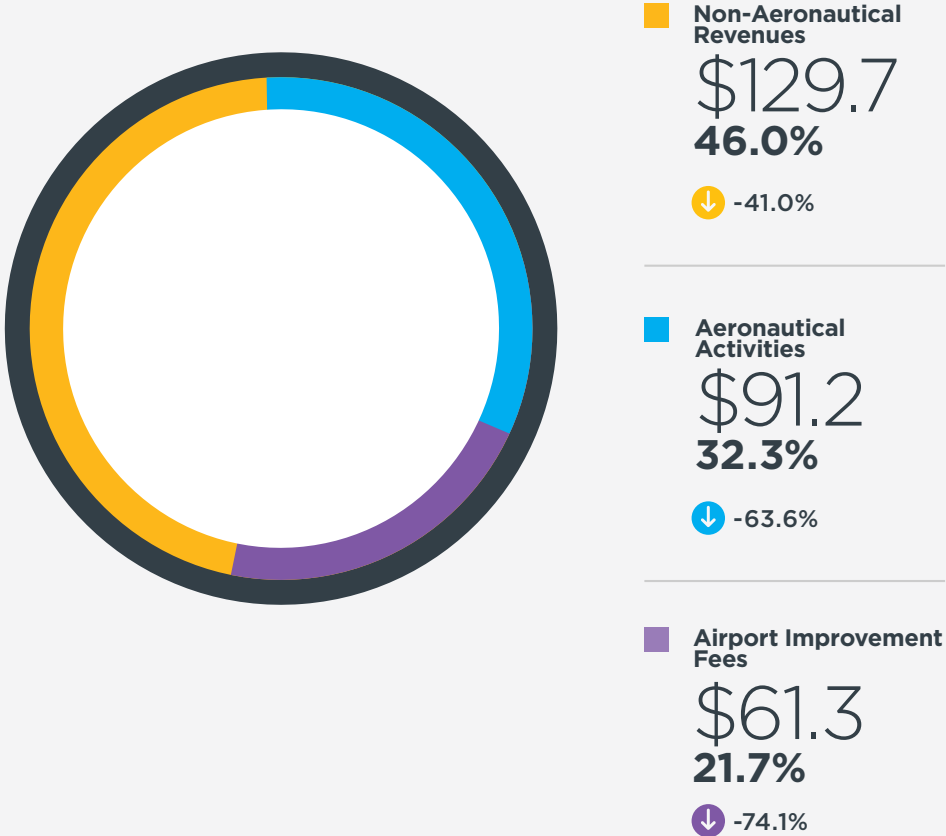
Financial Highlights

02



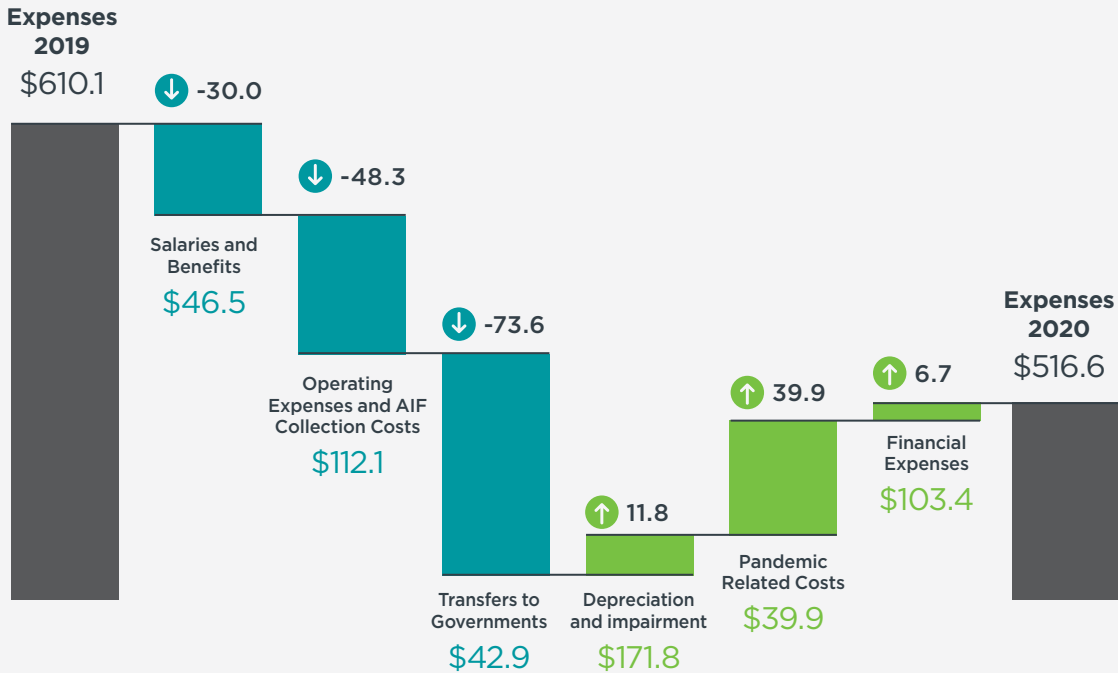
REVENUE SOURCES

In Millions of Dollars (and compared with 2019)



TYPES OF EXPENSES

In Millions of Dollars (and compared with 2019)



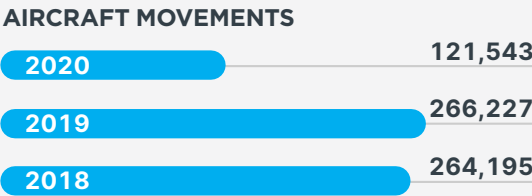
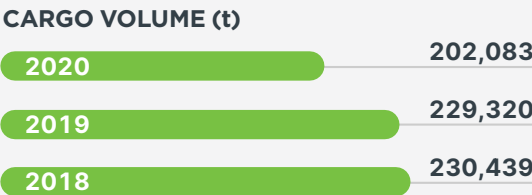
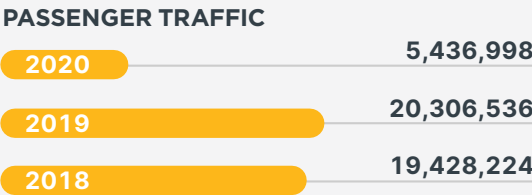
FINANCIAL RETROSPECTIVE

In Thousands of Dollars

	2020	2019	2018	2017*	2016*
Revenues	\$ 282,160	\$ 707,049	\$ 645,021	\$ 582,886	\$ 525,283
Excess of Revenues Over Expenses	\$ (233,994)	\$ 97,799	\$ 68,174	\$ 42,916	\$ 33,922
EBITDA	\$ 40,780	\$ 353,607	\$ 322,867	\$ 285,087	\$ 252,314
Investments	\$ 247,709	\$ 351,706	\$ 219,803	\$ 229,351	\$ 254,775

*Comparative financial results have not been restated following the initial application of IFRS 16 on January 1st, 2019.

OPERATIONS 2018-2020



Message from Management

03

FLYING IN STORMY WEATHER

A deserted terminal... Empty drop-off zones and parking lots... An almost complete silence... Dozens of aircraft stuck on the ground.

It's like reading the opening pages of a bad science fiction novel. Yet this is the sad and distressing reality that our teams have been facing at YUL Montréal-Trudeau International Airport since mid-March 2020, when the closure of Canada's borders caused the collapse of air traffic. The initial shock was considerable. No event of this magnitude had shaken the industry so badly since the birth of civil aviation. In the midst of this turbulence, our organization faced enormous challenges and had to rethink its ways of working more than once while continuing to ensure safe and efficient services for all its passengers.

The review of activities contained in the next few pages of this annual report will be presented in a different format than in previous years' publications. After all, 2020 was anything but an ordinary year! Contrary to the tradition

of reporting on our activities by vice-presidency, we have chosen, for greater coherence, to review the events of the past 12 months in chronological order. This also allows us to do justice to the remarkable efforts of collaboration and solidarity demonstrated by ADM's teams. The end result is astonishing. While we have been travelling on an unfamiliar and difficult road since March 2020, the road ahead is still long and the airline industry's troubles are not over. The presence of dedicated, resourceful, resilient and motivated employees, partners, airlines and merchants gives us hope. The YUL and YMX airport family will continue to pull together.



Anatomy of a Crisis

Our airport world was turned upside down on March 18, 2020. Overnight, YUL lost virtually all of its passengers. Flight schedules were revamped, construction sites shut down, and almost all stores and restaurants shuttered. Faced with a still unknown threat, our teams shifted into problem-solving mode. Priorities changed quickly. Our new objectives: to work with public health agencies and air carriers to ensure a safe environment for essential travel, and to put in place everything needed for the prompt delivery of vital goods such as personal protective equipment for healthcare employees.

We also had to think about how we would operate “with COVID” – because the “post-COVID” world seemed, and still seems, very far away. This led to the creation of the Travel with Confidence YUL program. Health checks were introduced at the only three access points to the terminal, with systematic temperature checks for all passengers before they are allowed to circulate within the terminal. ADM also stood out by boldly becoming the first major public facility to make mask wearing mandatory at a time when they were not required on public transport or in stores. We humbly established ourselves as pioneers in this regard.

A few months later, YUL joined the list of airports offering a COVID-19 rapid screening service. Initially available to passengers with France as their final destination, the clinic subsequently opened its doors to travellers to any

international destination that required a negative test for entry and recognized screening by antigenic test.

The year 2021, initially full of promise, also got off to a rocky start by reminding us that the virus was still very much present in our lives. In response to an increased outbreak of cases in Canada, the federal government required all travellers to present proof of a negative COVID-19 test result to the air carrier before boarding an international flight to Canada.

At the end of January 2021, further measures were announced to limit the possibility of bringing variants of the virus into Canada. All flights to the Caribbean and Mexico were cancelled. Travellers were advised that they would be required to be tested upon their return home and to isolate themselves for up to three days in a hotel at their own expense. These strict rules are necessary from a public health point of view. But they are also proving to be very damaging for an industry that won’t be recovering any time soon, and which is still not receiving any sector-specific support to help it get through this storm.



**OUR FUTURE OUTLOOK IS OBVIOUSLY
MARKED BY THE LESSONS LEARNED
OVER THE PAST 12 MONTHS.**



Changing Course

The pandemic and the measures put in place to try to contain it have had an impact far beyond mere operations. The absence of passengers at YUL led to a significant revenue shortfall of \$300 million for 2020 alone, and the financial haemorrhage continues. This situation is dramatic for our organization, which, it should be remembered, is a non-profit: we do not receive any operating subsidies, and surplus revenues were earmarked in part for the construction. Faced with this challenging situation, and after postponing them for as long as possible, we had to make some very difficult decisions to reduce our costs.

Firstly, we cut our workforce. Saying goodbye to a part of ADM’s winning team proved to be extremely trying. We would like to thank each and every one of these employees and to recognize their talent and exceptional contributions to the growth of our two airport sites.

Secondly, we stopped all construction projects that are deemed non-urgent and not essential to our mission. These exciting development projects planned for the airport sites will not be going ahead, at least not in the short term. Our attention turned instead to the construction of the YUL-Montréal-Trudeau-Airport station of the Réseau express métropolitain (REM) project. But we quickly realized that our new financial reality would not enable us to finance the total costs associated with the project. Alarm bells went off last summer: we desperately needed a loan from the different levels of government,

with flexible repayment terms, to be able to move forward. The federal government announced its intention to participate in the funding in its fall economic update. Then, in early 2021, negotiations resumed with the Québec government, which had withdrawn from the talks in November. A third player joined the discussions: the Canada Infrastructure Bank (CIB). Thanks to the collaboration of these three entities, and ADM’s commitment to provide the first \$100M for the project, the REM will be able to continue its journey to YUL!

All major international airports enjoy a fast, direct and sustainable connection with their city centres. It would have been unthinkable for Montréal to be an exception.

What’s Next

While we do not anticipate a return to a “new normal” before 2024, it is difficult to predict what the year 2021 and beyond will look like. Despite a few hiccups, the vaccination campaign is on track. We are hearing more and more talk about a health passport. Air travel restrictions remain severe, but the industry is looking for solutions. Screening clinics have been set up in major airports. Things are moving and we hope the next few months will bring good news... and sighs of relief.

Our future outlook is obviously marked by the lessons learned over the past 12 months. Our seasoned management team has already begun a strategic review that will enable us to build the ADM of tomorrow based on our new reality. Various scenarios are being studied and we are examining recovery plans with considerable flexibility to enable us to focus on essential activities while transitioning to an eventual normality.

Questions remain: Will all passengers return? And when will they return? Whatever the answer, we remain convinced of one thing: the airport will continue to be an indisputable economic development driver for Montréal and its region for a long time to come.

A Final Word

In closing, we would like to recognize the exceptional work of our employees. In addition to witnessing the departure of several of their colleagues, they have seen their workloads increase considerably since March 2020. They have had to adapt to a new way of working, at a distance, cut off from the social interactions that are so beneficial in a more traditional work environment. Virtual meetings have multiplied and many employees have been unable to set foot at the airport since the beginning of the crisis. These employees have never given up, even when morale was at its lowest.

We thank them for their courage and, like them, we look forward to better days ahead.



Danielle Laberge
Chair of the Board



Philippe Rainville
President and Chief Executive Officer



ADAPTATION
COURAGE
PATIENCE

Review of Activities



04

2020 AT A GLANCE

The year 2020 was shaping up to be an exciting one for ADM Aéroports de Montréal. Air service at YUL Montréal-Trudeau International Airport was to be bolstered by new routes that had been anticipated by passengers for quite some time. Infrastructure projects that would benefit the community at both YUL and YMX were scheduled to begin in the first few months of the year.

But this momentum came to an abrupt halt in mid-March with the closure of borders and restrictions on air travel. Overnight, COVID-19 turned the operations of the airport sites, particularly YUL, upside down. The ADM team had to adapt to a new and brutal reality, with an international airport, usually so vibrant, becoming virtually empty.

This review of activities will explore the chronology of events for the 12 months of 2020. It will also highlight the actions taken by ADM to ensure the health and safety of the travelling public and employees at YUL, to maintain operations at the two airport sites, and to continue the efforts made over the past few years to benefit the Greater Montréal community.



JANUARY

SOUNDSCAPE PUBLIC CONSULTATION + LAUNCH OF YULCHAT

- YUL continues to proudly bear the title of Canada's most international airport. At the beginning of the year, 152 destinations, 90 of which are international, are available to passengers. A new route – Bogota (Colombia)-Montréal – is scheduled to open later in the year and the number of operating carriers is expected to increase with the arrival of TAP Portugal and Brussels Airlines.
- A first public consultation to gather citizens' comments on the soundscape action plan is launched. ADM is looking to update its approach to this issue by drawing on industry best practices and by promoting dialogue and openness with the community.
- With the launch of YULchat, ADM becomes one of the first airports in Canada to offer an online chat service. Accessible via the yul.com and yulsatisfaction.admtl.com websites, this new tool meets the communication needs of travellers in real time.
- With air traffic on the rise at YMX International Aerocity of Mirabel, NAV CANADA re-opens air traffic control services during peak periods of the day.

FEBRUARY

ARCHIBALD MICROBREWERY + COVID-19 + SANITARY MEASURES

- To better respond to increasing demand, the Archibald microbrewery gets a makeover. The restaurant features an additional 1,420 square feet, 52 new seats and contemporary furniture to welcome travellers.
- A new acronym is on everyone's lips: COVID-19. This virus, of the coronavirus family, is mainly transmitted by droplets and is hitting people hard in many countries, including China, Italy, Iran, France and Spain. It is making travellers very nervous.
- The ADM team works closely with the Public Health Agency of Canada team, which is leading measures to be taken to detect, monitor and prevent the spread of this new virus at YUL and all Canadian airports. Additional disinfection measures are put in place and health advisories are issued to travellers and airport community employees.



MARCH

**REPATRIATION OPERATION
FOR CANADIANS
+ TELECOMMUTING
EMPLOYEES
+ HEALTH AND SECURITY**

- As cases begin to emerge across the country, Canada closes its air borders and recommends avoiding all non-essential travel abroad. Only Canadian citizens, permanent residents, crew members, diplomats and those with Canadian families may continue to enter the country.
- YUL is designated as one of four Canadian airports authorized to receive aircraft from overseas. This is followed by a major repatriation operation for Canadians stranded abroad, in cooperation with the airlines and the federal government.
- ADM employees are required to telework. Actions intensify to deploy the business continuity plan and make the appropriate tools available to everyone. The use of Office 365, implemented in the technological environment shortly before the outbreak of the crisis, allows great flexibility for working from home. At the same time, IT teams need to increase their vigilance and activate continuous monitoring of systems to protect them from possible cyber attacks. To this end, several technological enhancements were also made during the year.
- Numerous measures are put in place at YUL to protect the health and safety of passengers and employees, a priority at all times. These include increasing cleaning and disinfection frequencies in the terminal, closing all concessions deemed non-essential, launching various poster campaigns, removing a large number of baggage carts to facilitate cleaning, and acquiring and adding disinfectant gel dispensers. Permanent signage to encourage physical distancing is also deployed in all areas of the terminal.

APRIL

**DROP IN PASSENGER TRAFFIC
+ CLOSURE OF SECTIONS
OF THE TERMINAL**

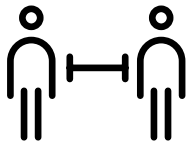
- Faced with an unprecedented drop in passenger traffic and, consequently, associated revenues, a financial strategy is quickly implemented. Its goal is to generate significant sources of cash so that the organization can meet its financial obligations and continue to provide adequate services during the crisis. Concrete actions, such as the closure of a runway and sections of the terminal building, reduce some operating and administrative costs.

SINCE MID-MARCH 2020, THE ADM TEAM HAS:

Installed more than

2,850

stickers to promote
physical distancing



Erected more than

650

protective Plexiglas screens,
or the equivalent of 446 m²

Provided more than

3,000

litres of disinfectant gel



Used more than

35,650 + 22,400

pairs of gloves

masks

Distributed close to

7,500

plastic fingers for touchscreens

MAY

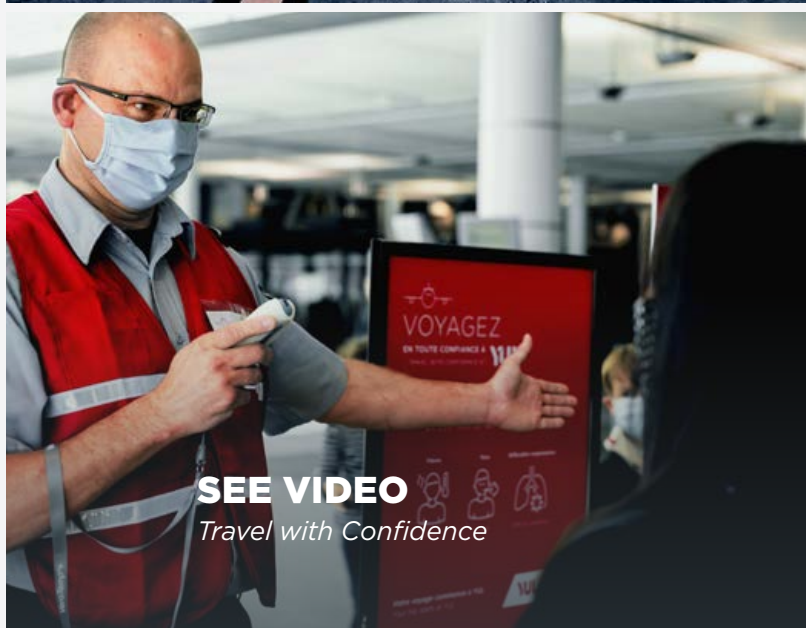
CARGO TRANSPORTATION + PRESTIGIOUS DISTINCTION

- Cargo transportation represents one of the only spheres of activity that has not experienced a slowdown at airport sites. Large shipments of personal protective equipment (PPE) are transiting through YMX International Aerocity of Mirabel. An Antonov AN-225, the world's largest aircraft, loaded with medical equipment makes a visit to Québec with the support of partner Nolinor.
- Employees of the airport community are recognized as the best in North America. YUL receives the award for “Best Airport Personnel in North America” during the Skytrax World Airport Awards ceremony. It's one of the industry's most prestigious honours, awarded by passengers in an annual passenger satisfaction survey. This is rare good news that is motivating and energizing for the troops, who continue to demonstrate dedication to their work in the most challenging of environments.

JUNE

TRAVEL WITH CONFIDENCE + REM STATION + MUSIPARC FESTIVAL

- Additional measures are introduced at YUL with the launch of the *Travel with Confidence* program to provide an even healthier and safer environment for all its users. Wearing a mask is now mandatory at all times in the terminal and travellers must go through health checkpoints to access the facilities, where they complete a questionnaire and a temperature reading is taken.
- ADM sounds the alarm as the crisis deprives it of the funds needed to finance the construction of the REM station in YUL, as initially planned. Discussions are started with the various levels of government to contract a loan with flexible repayment terms. The cost of the overall project is estimated at \$600 million.
- Among initiatives to meet a need for entertainment, partner ICAR Mirabel at YMX plays host to the Musiparc festival on its site. Featuring artists performing on a large stage, it allows people to enjoy live entertainment safely from their cars using FM radio.



SEE VIDEO
Travel with Confidence

JULY

DRIVE-IN COMEDY FESTIVAL

- YUL, in collaboration with its partner Indigo, hosts the very first edition of the FAUV drive-in comedy festival in its parking lot, which has been little used by travellers. A highly popular event, the festival will return in August 2021, much to the delight of fans of the genre!



SEE VIDEO
FAUV

AUGUST

OSM CONCERT + REGIONAL INTERCONNECTIVITY + NON-URGENT PROJECTS ARE SHUT DOWN

- A proud partner of local culture, ADM opens its parking lots for a benefit concert by the Orchestre symphonique de Montréal. For an entire evening, event participants have the chance to travel once again through the magic of music and YUL returns to being a vibrant location, filled with emotion.
- ADM joins an intervention group set up by the provincial government looking to revive regional air services. It discusses solutions for maintaining vital interconnectivity between regions in a territory as vast as Québec, as well for providing links between Québec's regions and the rest of the world.
- New measures are put in place to ensure that airport operations are sustained. ADM adjusts its workforce to meet YUL and YMX's minimal operations. The number of employees is reduced by 30%. In addition, all construction projects that are not designed to protect the integrity of assets are shut down. Teams are now focused solely on emergency construction. The REM station construction project will continue in planning mode until an agreement regarding funding is reached with all levels of government.



SEE VIDEO
OSM

SEPTEMBER

GLOBAL CERTIFICATES + DES SOURCES ECOLOGICAL PARK + WALK FOR WISHES DRIVE-THRU

- The des Sources ecological park project on the YUL site, which aims to preserve a 20-hectare site for bird and plant observation, receives the Gemme Award in the “Innovative Achievement” category, presented by the Conseil régional de l’environnement de Montréal during a virtual gala recognizing environmental and sustainable development.
- Some 15 employees participate in the Walk For Wishes® Drive-Thru Edition activity and raise close to \$10,000 to support the cause of sick children, in full compliance with current health standards. ADM has been supporting the organization for several years, notably by hosting the 48-Hour Ride event on its YMX site.
- ADM is awarded two global certificates recognizing the rigour of the health measures put in place at YUL. YUL becomes the third North American airport to achieve Airport Health Accreditation (AHA) under the Airports Council International (ACI) Airport Health Accreditation Program. A few days later, YUL stands out as the first Canadian airport, as well as the first public facility in Québec, to receive GBAC STAR™ accreditation from the Global Biorisk Advisory Council® (GBAC), a division of ISSA, the global cleaning industry association. The accreditation recognizes good cleaning practices in public and commercial facilities as well as the implementation of proven procedures to control risk factors associated with infectious diseases, including COVID-19.



OCTOBER

**THE FESTIVAL DU
NOUVEAU CINÉMA
+ YMX'S AERONAUTICS
HUB PROJECT
+ CENTRAIDE ANNUAL
CAMPAIGN**

- Once again, YUL's parking lot is the site of an important Montréal cultural event. The Festival du nouveau cinéma is held there over several days, offering four must-see events for moviegoers in a reinvented drive-in formula.
- Delayed due to the ongoing health crisis, YMX's aeronautics hub project takes off with the support of the federal government. A \$25 million grant received through the National Trade Corridors Fund enables ADM to proceed with the first phase of the work, which consists of expanding a building leased to STELIA Aerospace to increase its pre-assembly capacity for Airbus A220 components. Eventually, the overall aero-logistics cluster project will include the construction of buildings dedicated to air cargo, logistics or industrial activities, in addition to improving the aprons to increase cargo capacity and fluidity of movement on the site.
- The baggage room improvement project (international and domestic flights) is completed. The five-level explosives detection system is replaced by a three-level system. This system improves baggage handling time and increases the number of bags that can be handled at the same time.
- ADM launches its annual campaign to benefit the United Way. Once again, employees show exceptional generosity towards the most vulnerable members of the community. A total of \$100,000 is donated to Centraide of Greater Montréal and \$5,000 to Centraide of the Laurentians.



NOVEMBER

GALA RECONNAISSANCE RH + DISINFECTION OF BAGGAGE CARTS + REM STATION

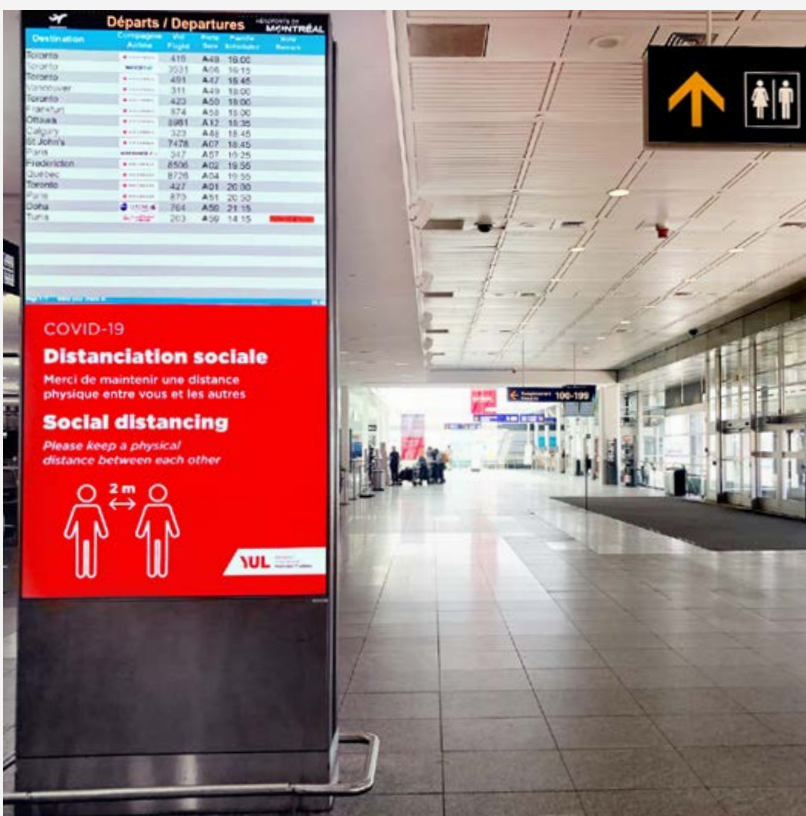
- ADM stands out for the quality of its labour relations and wins an award in the “Labour-Management Partnership” category at the Gala Reconnaissance RH of the Ordre des conseillers en ressources humaines agréés, in conjunction with the Syndicat des employé-e-s des Aéroports de Montréal (CSD), the union chapter representing its trades employees. This award recognizes collaboration between a company and its union for the well-being of people and the success of the organization.
- To prepare for the eventual resumption of air traffic and increased passenger volumes, a pilot project for the disinfection of baggage carts is launched at YUL. A machine equipped with a misting solution replaces the manual disinfection method. In addition to allowing more carts to be processed in a given time, this new machine makes it possible to standardize processes.
- The federal government announces the creation of a program through which it will provide \$500 million over six years to major Canadian airports to enable them to make essential investments in their infrastructure. In April 2021, an agreement was reached on the financing of the REM station at YUL. In addition to the \$100 million contribution from the Government of Canada, loans of \$100 million and \$300 million will be provided by the Government of Québec and the CIB, respectively. ADM will therefore be able to begin construction of this major project, which is necessary to ensure the intermodality of the site.



DECEMBER

YUL'S TEAM OF AMBASSADORS + P4 ECONOPARC PARKING + FIRST VACCINES + SCREENING CLINIC

- After several months of absence, YUL's team of ambassadors is back in action to answer questions from passengers, provide guidance and help them understand the new processes in place at the terminal.
- A first phase of the P4 Econoparc parking construction project is delivered. Due to current budget constraints, the project team has completed the essential elements to make the building sustainable: underground infrastructure; steel structure; electrical rooms and power supply; heating; ventilation; sprinkler systems; insulation and waterproofing. Additional work will be required in due course to allow public use.
- The first vaccines against COVID-19 arrive in the country on an aircraft landing at YMX. Several partners at the site are involved in the complex logistics required to get these doses to their destination.
- The COVID-19 screening clinic at YUL welcomes its first passengers. The eight-week pilot project offers rapid screening using antigenic tests that allow certified and rapid analysis to be performed within 15 minutes. This new service is offered by reservation to passengers whose final destination is metropolitan France and who have a flight served by Air Canada, Air France, KLM Royal Dutch Airlines or Air Transat. In January, the clinic's services are extended to all travellers leaving for an international destination that requires a negative result to allow entry and which recognizes antigenic tests.



CUSTOMER EXPERIENCE

To improve the passenger experience, ADM deployed a new comment management system in 2019: YULsatisfaction. The platform's objective was to centralize all the comments received in order to obtain a better overview of passenger needs and identify the actions required to improve their journey.

In 2020, this tool proved to be very useful as passengers were more than ever looking for information, mainly related to border closures, changes in passenger processes and measures put in place to try to limit the spread of COVID-19. More than 6,600 tickets were opened and processed through the comment management tool. Of these, more than 80% were inquiries and 11% were expressions of dissatisfaction. In comparison, in 2019, the proportion of tickets dealing with dissatisfactions was much higher (43%) and ADM had received far fewer requests for information (47%).

The YULchat service had its first year of full implementation in 2020. A total of 118,166 chats were recorded for the year with an average response time of 30 seconds. Customers of this service can rate how satisfied they are with the agents who manage the chat; 97.6% reported being satisfied with the help they received.

The significant drop in the number of passengers greeted at the terminal led ADM to suspend indefinitely its quarterly customer satisfaction survey program in the year 2020.

YULSATISFACTION

More than 6,600 tickets

Information request tickets

80%

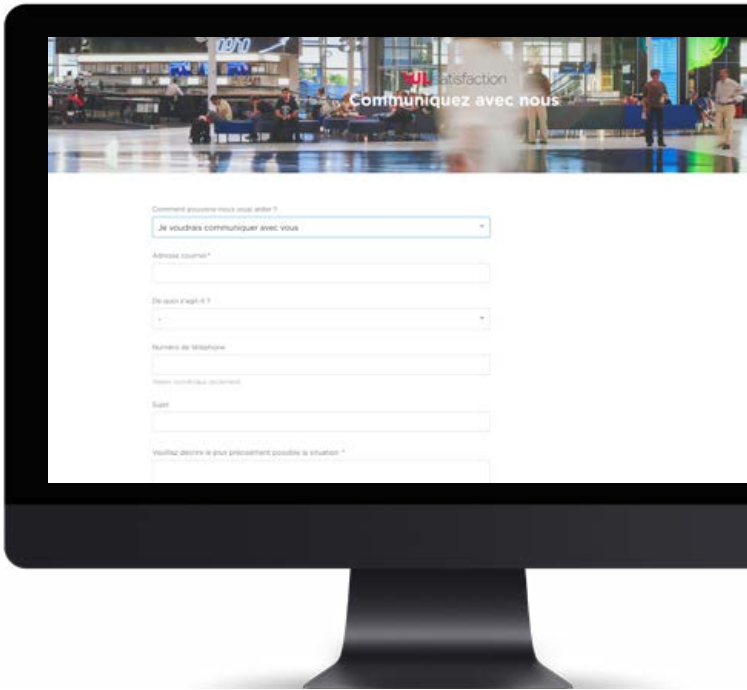
(2019 - 47%)



Dissatisfaction tickets

11%

(2019 - 43%)



Airport Operations

05



AIRPORT OPERATIONS

Passenger Traffic

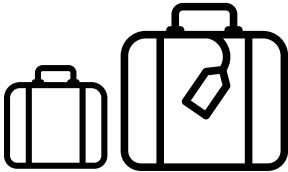
Not surprisingly, YUL experienced a drastic drop in passenger traffic between April and December. While the data collected in January and February continued the trend of the past few years, with growth levels of 4.3% and 6.9%, respectively, the subsequent months saw a dramatic decline in the number of passengers handled in the terminal.

A total of 5.4 million passengers were handled at YUL in 2020, a 73.2% decline from the previous year. The second quarter of the year was particularly challenging, with a 96.7% drop in total passenger traffic.

	2020	2019	Variance 20-19
1 st quarter	4,091,301	4,677,459	-12.5%
2 nd quarter	165,157	5,010,242	-96.7%
3 rd quarter	610,356	6,046,763	-89.9%
4 th quarter	570,184	4,572,072	-87.5%
Total	5,436,998	20,306,536	-73.2%

All three sectors served, domestic, transborder and international, suffered from the restrictions on air travel that were put in place, with total declines of 72.1%, 76.9% and 72.2%, respectively.

5.4 M
passengers



a decrease of ↓

73.2%

Air Services and Movements

Over the past few years, the teams assigned to the development of air services have intensified their efforts to diversify the flight options from Montréal. These efforts have been effective, enabling YUL to position itself advantageously and proudly as the most international airport in Canada. Unfortunately, the closure of Canadian borders in March significantly changed the picture regarding air services and destinations offered to travellers at YUL.

In 2019, YUL offered a total of 152 destinations – 90 international, 30 U.S. and 32 Canadian. Between April and December 2020, only 81 destinations were served: 44 international, 14 U.S. and 23 Canadian. In the wake of the events, routes to popular cities such as Shanghai, Beijing, Vienna and Las Vegas were suspended for an indefinite period.

Some airlines, including Air China, Porter, Austrian Airlines and Corsair, also had to cease their scheduled operations at YUL. As a result, the number of carriers in operation was 27 for the above-mentioned period, compared to 35 in 2019.

Finally, the number of commercial passenger aircraft movements at YUL decreased by 66.4% compared to 2019.



Air Cargo

The cancellation of many flights to Montréal had a negative impact on the capacity available for air cargo transport and, as a result, on the amount of cargo that transited through YUL.

At YMX, cargo activity was basically maintained, despite a slight slowdown in the early months of the pandemic. While lockdown periods led to an explosion in online shopping, they also slowed down manufacturing production locally and elsewhere in the world, which had an impact at all levels of the supply chain.

Volume of air freight passing through the airport sites (t)

	2020	2019	Variance 20-19
YMX	94,694	102,831	-8%
YUL	107,389	126,489	-15%
Total	202,083	229,320	-12%

Air cargo capacity calculated in MTOW (maximum take-off weight) increased by 3% in 2020 at YMX. Larger cargo aircraft were welcomed to the site during the year. YMX has established itself as a hub to support online shopping and the transportation of critical cargo, such as personal protective equipment and vaccines that have been shipped into the country.



Corporate Social Responsibility

06

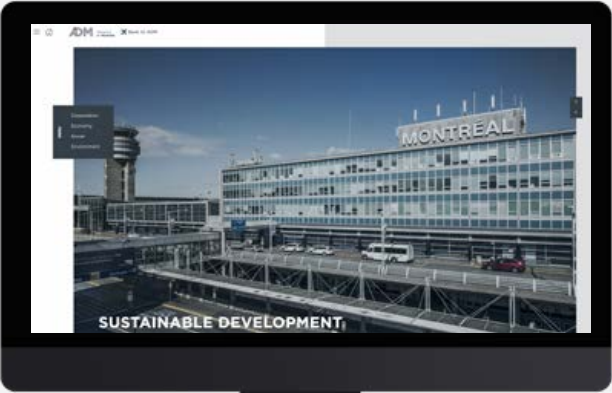


Credit: Jean-Charles Hubert

Sustainable development, an integral part of ADM’s mission, remained at the heart of the organization’s priorities and actions in 2020 despite the huge challenges it faced during the year.

ADM remains firmly committed to its sustainability plan. Comprised of many sector-based action plans with specific objectives, the plan aims to: improve energy efficiency; significantly reduce greenhouse gas emissions; reduce water consumption; achieve the ultimate goal of zero waste; attain high standards of responsible procurement; strengthen employee commitment; promote employee health; and benefit the community. Steps have been taken to review and update the plan’s objectives in a context of reduced airport activities. A review of the action plans is scheduled for 2021.

In the interest of transparency to the general public, ADM has continued to update its platform of sustainable development indicators. Accessible on its website, this platform enables the organization to report on its performance, in addition to reporting on the new initiatives implemented each year.



**GO TO
WEBSITE**



**SUSTAINABLE
DEVELOPMENT &
TRANSPARENCY**

**PROTECTING THE ENVIRONMENT
CONTINUES TO BE TOP
OF MIND FOR ADM.**



ENVIRONMENTAL PROTECTION

Protecting the environment continues to be top of mind for employees of ADM’s various business sectors, who are continuing efforts to limit the ecological footprint of their operations to the greatest extent possible. Many measures were deployed in 2020, including:

Energy Efficiency and Reduction of Building-Related Greenhouse Gases (GHGs)

- The conversion of fluorescent fixtures to LED technology, providing more efficient and less energy-consuming lighting. Nearly 1,400 fixtures were replaced in various buildings at YMX as part of this project, which began in 2019.
- The refurbishment of three boarding bridges at the domestic jetty at YUL and the addition of many energy-saving measures, including replacing lighting, improving the airtightness of the envelope (walls and doors), and connecting the tunnels’ temperature sensors and heating controls to the building control system.

- The implementation of energy performance indicators to monitor heating and cooling systems, as well as the monitoring of energy consumption at YUL.
- The implementation of an electricity load shedding strategy as part of Hydro-Québec’s demand-side management program to reduce the power demand of the buildings operated by ADM during the utility’s winter peak hours.

Reduction of Transportation-Related GHGs

- The installation of 12 airside charging stations at YUL for Air Canada’s fleet of electric baggage tractors, adding to the eight installed by ADM in 2019. In addition to helping improve air quality around aircraft and in baggage drop-off areas, this project reduces the level of noise to which workers are exposed.

Green Measures in New Construction Projects

- The integration of various energy efficiency measures in YUL’s new P4 parking lot construction project, including an ultra-energy-efficient LED lighting system and fans with variable speed drives. The new building will emit 17% fewer GHGs than a standard design when in operation. In addition, close to 90% of the waste generated by this project and sent to a sorting centre was recovered and diverted from landfills for recycling.
- The construction plans for the new STELIA building at YMX were designed in compliance with environmental requirements. Significant efforts are being made to minimize the impact of the project on special-status species, including butternut trees within the project perimeter, in compliance with regulations.

Residual Materials

- The implementation of an energy recovery system for the approximately 400 kg of used personal protective equipment (PPE) that is generated per week. Thanks to the collaboration of partners P.E.A.C.E Plus and Sanexen, this equipment is being diverted from landfill and used to generate thermal energy.

Responsible Procurement

- Participation in the *Responsible Procurement Barometer 2020* of L'Espace de concertation en approvisionnement responsable (ECPAR). The Barometer reports on organizations' practices according to five levels of maturity (little concerned, committed, progressing, mature, exemplary) for each of the five components of sustainable procurement: vision; policy and governance; stakeholder engagement; implementation and operation; and measurement. ADM achieved an average level of "4 - Maturity" and is among the top 10% of 142 respondents, composed of companies, organizations or ministries, municipalities and various non-profit organizations.



SOUNDSCAPE MANAGEMENT

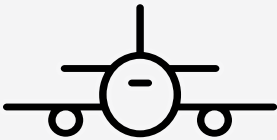
As an airport authority, ADM is responsible for developing a soundscape management plan, establishing the Soundscape Advisory Committee, and handling noise complaints. Soundscape management remains a priority issue for ADM, which must ensure a balance between YUL's role as a player in the development of Greater Montréal and the maintenance of a harmonious cohabitation with neighbouring communities. Sustained efforts are being made to foster this balance.

ADM is working with its partners, Transport Canada, NAV CANADA and the air carriers, to reduce the impacts of activities related to the operation of an international airport on nearby communities.

In addition to analyzing all exemption requests, ADM enforces the restrictions in effect for flight schedules at YUL. ADM meets regularly with airlines that have operated flights outside of operating hours to require action plans to remedy these situations.

In 2020, ADM granted 375 exemptions to air carriers, including for delays caused for reasons beyond the carrier's control, such as weather conditions, mechanical checks and operational delays. As well, 21 requests for exemptions were denied and 7 files were submitted to Transport Canada for investigation. Transport Canada is the regulatory body responsible for ensuring compliance with noise control and mitigation rules and has the authority to impose penalties on violators of these rules.

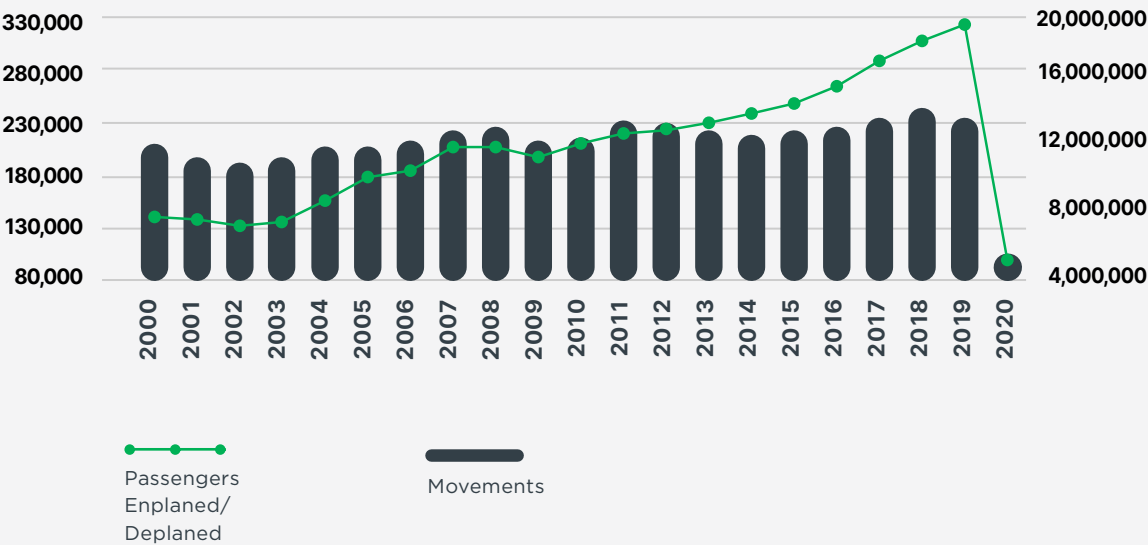
SOUNDSCAPE MANAGEMENT REMAINS A PRIORITY ISSUE FOR ADM.



Aircraft Movements

In recent years, despite a significant increase in the number of passengers, the number of movements has remained relatively stable. However, this number has dropped drastically since March 2020 due to the international health crisis associated with COVID-19.

Montréal-Trudeau International Airport (YUL) 2000 to 2020



Noise Complaints

Although the number of movements has decreased drastically, an analysis of noise complaints shows that the number of complaints per movement has increased.

During the summer of 2020, the number of movements dropped to an average of 130 movements per day compared to approximately 600 movements per day in 2019. However, for the months of June, July and August 2020, the ratio of the number of complaints to the number of movements increased. For example, in July 2020, there was 1 complaint per 2.9 movements while in July 2019 there was 1 complaint per 5.3 movements.

[Monthly indicators](#) for complaints are published on ADM's website at admtl.com.

Measuring Noise Levels

To measure noise levels, ADM has eight noise measuring stations, one of which is mobile. ADM publishes the LEQ noise levels recorded at the various noise measuring stations around the airport. The data is available on its website.

Soundscape Management Action Plan

To implement a more effective management approach and champion best practices in this area, ADM has developed an action plan to optimize soundscape management and promote social acceptance of its activities.

The action plan was the subject of an online consultation from December 30, 2019 to April 30, 2020. In all, 241 people participated in the consultation.

The plan features many actions in eight categories. The complete list of actions is posted in the [Soundscape Management Action Plan](#) section of ADM's website.

Action plan categories:

- Complaints Management
 - [Commitment – soundscape complaints management](#): online since 2019
 - Deployment of complaints management tools: [WebTrak](#) and Viewpoint operational since May 2019
- Nighttime Operations
- Quieter Fleets
 - The health crisis has accelerated the retirement by carriers of their noisier aircraft, such as the Boeing 767 and Airbus 310, and the use of more efficient and quieter aircraft such as the Airbus 220 and Airbus 320neo.
- Noise Abatement Procedures
- Preferred Runways
- Noise Measurement and Reports
 - Monthly publication of [interactive indicators](#) on operations and noise complaints: available since March 2020
- Land Use
- Community Relations

Although air movements are down, ADM is experiencing a drastic loss of revenue and has made significant efforts to reduce its costs, notably by postponing certain projects. Nevertheless, the organization is sparing no effort in managing the soundscape. The results of the consultation will be made public in 2021 and the action plan will be adapted according to the resources available from ADM and its partners.

Information for Citizens

ADM offers several tools to better inform citizens about activities that may affect the soundscape around the airport:

- A newsletter sent by email and published on admtl.com.
- WebTrak displays flight movements and noise measurements and allows citizens to easily submit a noise complaint. In addition, WebTrak displays information on runway work, short-term runway closures and weather conditions.
- Interactive indicators on noise complaints and aircraft movement at YUL, published monthly.
- The Viewpoint platform, which enables citizens to submit their complaint using the form available on ADM's website. This application creates an account, speeding up the process. Soundscape complaints are recorded automatically in the soundscape management system and linked to the corresponding air movement.
- A dedicated telephone line (514-633-3351) and email address (info@admtl.com) are available.
- A section of the website that includes frequently asked questions about the soundscape.



**THE PANDEMIC BROUGHT
ABOUT MANY CHANGES IN THE WAY WE
WORK, BUT THE ADM FAMILY EMERGED
MORE RESILIENT THAN EVER.**



HUMAN RESOURCES

In 2020, the Human Resources (HR) team focused its energies on supporting the organization and employees in the face of this unprecedented crisis. The pandemic brought about many changes in the way we work, but the ADM family emerged more resilient than ever. The HR team consistently supported managers and teams in taking ownership of these changes because ADM has always considered its employees to be its most valuable asset. In these tumultuous times, the HR team still had to deal with priorities that, at first glance, might seem difficult to reconcile:

- Continue to provide employees with a healthy and safe work environment;
- Adjust the workforce to deal with the decline in passenger traffic and our precarious financial situation;
- Facilitate the rapid transition from a traditional work organization to an agile one that emphasizes distance work and the adoption of new technologies;
- Maintain the commitment and confidence of existing teams in order to limit the departure of talent during a time of uncertainty.

Workforce Reduction Plan

In 2020, ADM had to adjust its workforce to align with the minimal activities of YUL and YMX. In so doing, it gave up a dearly held principle: to try to preserve the employment relationship with its workforce for as long as possible. For several months, ADM managed to retain almost all of its employees through the Canada Emergency Wage Subsidy program, even though a third of them were not required to perform their normal work and were paid accordingly. However, substantial changes to the terms and conditions of the program, coupled with a lack of signs that business would recover in the short term, forced the organization to change direction in late summer and make difficult decisions.

As a result, the number of employees working for ADM was reduced by just over 30%, from 720 employees in 2019 to 481 active resources at the end of 2020.

Labour Relations

Since the beginning of the pandemic, ADM has been able to count on the support and understanding of its union partners. These times of crisis underscored the strength of relationships established in recent years. The workforce review exercise was carried out in collaboration with the unions. Several agreements were reached, allowing for the employment relationship under inferior working conditions to be maintained. This gave ADM the respite it needed to achieve its goal of retaining a maximum of its active workforce and reassuring its employees during this period of uncertainty.

Moreover, with three of the four collective agreements expiring in 2020, the parties showed understanding by proceeding with their renewal on an accelerated basis, without a formal and customary negotiation process. The openness of the unions to agree to these contracts demonstrates once again their sensitivity to the situation and their willingness to contribute to ADM's efforts in this unprecedented situation.

Job Search Assistance Program

A job search assistance program was designed and deployed internally to provide personalized support to those who had to leave the organization. The program was inspired by the best practices in the market by offering online training activities via a site integrated into the SharePoint platform. Thanks to the information provided and the various tools, virtual training and coaching activities offered, some 160 employees who had lost their jobs were able to get the help they needed to find their feet elsewhere in the Montréal job market fairly quickly. According to the information available, approximately 50% of the employees laid off have found a job since leaving ADM.

Talent Management and Acquisition

The talent acquisition team had to adapt to help ADM meet a need, despite financial insecurity, for skilled talent to plan major critical infrastructure projects and the REM station construction project. An aggressive and innovative talent attraction strategy had to be deployed to bring in the right resources, despite the turbulence and uncertainty surrounding the launch of projects. In addition, the process for assessing applications had to be adjusted in virtual mode. The talent acquisition team adapted these same practices to fill positions left vacant by retirements, resignations or absences due to illness and which were critical to maintaining our operations and essential services.

Employee Communications

As early as the spring, many employees were forced to work remotely and others were sent home without having to perform their work. In all cases, it was necessary to revamp approaches as well as review strategies and tactics for communicating with the teams to maintain the sense of belonging and closeness that has always characterized ADM's culture.

With this in mind, ADM's intranet was migrated to SharePoint. This new, more user-friendly and dynamic tool allows employees to stay connected to the organization at all times using their mobile devices. Since its implementation, the new intranet has been continuously enhanced with more interesting content and is now considered the reference for all of ADM's internal communications. In addition, it is the preferred platform for recognizing and promoting employee achievements.

Be it within the same team or between different departments, communication remains essential to the smooth operation of the organization and the sharing of information. Here are various initiatives that were put in place in this regard:

- A newsletter was specially designed to keep home-assigned employees informed;
- In the interest of transparency, several virtual meetings were held between employees and the management committee. These meetings contributed to reassuring the teams by giving them the information they needed to better understand the business environment and its evolution;

- In addition, video clips were broadcast on the intranet to put into context the difficult decisions being made and having a major impact on employees' lives;
- The work teams shot brief videos to highlight their reality during the pandemic and how they were able to reinvent themselves to adjust to the situation;
- Monthly virtual meetings were set up between directors and members of the management committee. These discussions facilitated the alignment of the teams in the face of the changing context and helped to strengthen the management team.

Global Health

Health was obviously the hot topic during this special year. In an effort to contribute to the collective effort to limit the spread of COVID-19 and, above all, to ensure a safe workplace for our employees, extraordinary efforts were made to adjust practices and implement numerous health and safety measures. Directives and procedures were quickly developed as soon as measures to combat the pandemic were announced, and were continuously adjusted to meet the evolving orientations of our government authorities. Very specific measures relating to individual protection, work methods and work organization were put in place. Audits were carried out to validate and ensure compliance with these measures.

A dedicated team analyzed each employee’s situation with regards to possible exposure, internal or external, to COVID-19. This complex exercise was made possible through the development of a very detailed analysis grid.

The home-based work for employees who can perform their duties away from the office required special oversight, especially in terms of workplace ergonomics and related conditions. Special attention also had to be given to the impacts of social isolation.

The quality of ADM’s directives and procedures was recognized by Labour Canada, the body responsible for evaluating health and safety management for companies under federal jurisdiction. Finally, no case of contamination was recorded by ADM in the workplace, a clear demonstration of the high quality of its collective efforts.

Key Human Resources Indicators

The unique context that marked 2020 requires special consideration when comparing the indicators for 2019 with those of last year. The face of the organization changed considerably over the past year, making comparison with the past less applicable.

INDICATORS	2020	2019
Regular Employees	481	720
Training (hours)	3,800	9,544
Positions Filled	79	167
Retirements	30	21
Turnover Rate ¹	14.6	23.2
Absenteeism Rate	4.54	6.22
Injury Frequency ²	2.39	2.88
Severe Injury Rate ³	34.36	106.5
Incidence Rate ⁴	11.7	16.3

1 Turnover Rate: Percentage of employees leaving the organization in a given year

2 Injury Frequency: Number of claims submitted to the CNESST

3 Severe Injury Rate: Number of days lost per 200,000 hours worked

4 Incidence Rate: Number of employees absent annually per 1,000 insured

Management's Discussion and Analysis of Financial Results

07



OVERVIEW

ADM Aéroports de Montréal is responsible for the management, operation and development of YUL and YMX, under a lease signed with Transport Canada in 1992 with a term ending on July 31, 2072. As a not-for-profit organization without share capital, ADM does not pay dividends. ADM is fully responsible for financing its capital investment programs and pays rent to Transport Canada based on a percentage of revenues.

FINANCIAL SUMMARY

(in millions of dollars)	Years ended December 31		
	2020	2019	Variance (%)
Revenues	\$ 282.2	\$ 707.0	(60.1)
Salaries and benefits	46.5	76.5	(39.2)
Operating expenses	112.1	160.4	(30.1)
Pandemic-related costs	39.9	-	100.0
Payments in lieu of municipal taxes (PILT)	38.2	39.9	(4.2)
Transport Canada rent	4.7	76.6	(93.8)
Depreciation and impairment of property and equipment and right-of-use assets	171.8	160.0	7.4
Financial expenses (net)	103.4	\$96.7	6.9
Total expenses	\$ 516.6	\$ 610.1	(15.3)
Excess (deficiency) of revenues over expenses before share in the results of a joint venture and income taxes	(234.4)	96.9	(342.1)
Share in the results of a joint venture net of income taxes	0.5	0.5	(6.1)
Income taxes	(0.1)	0.4	(115.8)
Excess (deficiency) of revenues over expenses	\$ (234.0)	\$ 97.8	(339.3)
EBITDA	\$ 40.8	\$ 353.6	(88.5)

The % variances in this table are calculated with the results in thousands.

ADM’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). ADM presents EBITDA, which is a financial measure with no standardized meaning under IFRS and is therefore unlikely to be comparable to similar measures used by other entities. EBITDA is defined by ADM as the excess of revenues over expenses before income taxes, financial expenses, depreciation and impairment and share in the results of a joint venture. EBITDA is used by management as an indicator to evaluate ongoing operating performance. EBITDA provides additional information and should not be used as a substitute for other performance measures prepared in accordance with IFRS.

The following table presents the reconciliation of EBITDA, a non-IFRS financial measure, with excess of revenues over expenses prepared in accordance with IFRS:

(in millions of dollars)	2020	2019
Excess (deficiency) of revenues over expenses	\$ (234.0)	\$ 97.8
Depreciation and impairment of property and equipment and right-of-use assets	171.8	160.0
Financial expenses (net)	103.4	96.7
Share in the results of a joint venture net of income taxes	(0.5)	(0.5)
Income taxes	0.1	(0.4)
EBITDA	\$ 40.8	\$ 353.6

HIGHLIGHTS

COVID-19 Pandemic

In March 2020, the World Health Organization declared a global pandemic due to the generalized contagion of COVID-19. The deadly outbreak of this disease has led governments around the world to implement emergency measures to contain it. These measures, including travel restrictions, mandatory quarantines and physical distancing, have had a negative impact on worldwide air travel demand.

EBITDA

EBITDA stood at \$40.8 million for the year ended December 31, 2020, a decrease of \$312.8 million or 88.5% compared to 2019. EBITDA as a percentage of revenue was 14.5% compared to 50.0% for 2019.

Investments

ADM’s investments totalled \$247.7 million in 2020 (\$351.7 million in 2019). At YMX, investments related mainly to Phase I of the aerologicistic hub project consisting of the expansion of the building rented to STELIA Aerospace. At YUL, capital projects included namely the:

- Construction of EconoParc parking (P4);
- Rehabilitation of runway 06G-24D and its taxiways and high-speed lane E;
- Improvement of the baggage handling system;
- Reconfiguration of the road network in order to access airport construction sites;
- Finalizing of the construction of the permanent connecting flights centre.

Over the course of 2020, investments in the airport facilities were financed by cash flows from operating activities, including airport improvement fees (AIF), as well as long-term debt.

REVENUES

(in millions of dollars)	2020	2019	Variance (%)
Aeronautical activities	\$ 91.2	\$ 250.6	(63.6)
AIF	61.3	236.4	(74.1)
Parking and ground transportation	37.7	98.5	(61.8)
Concessions	43.9	61.9	(29.1)
Real estate and other	48.1	59.6	(19.3)
Total revenues	\$ 282.2	\$ 707.0	(60.1)

The % variances in this table are calculated with the results in thousands.

Revenues totalled \$282.2 million in 2020, a decrease of \$424.8 million, or 60.1% compared to 2019.

Aeronautical Activities

Revenues from aeronautical activities totalled \$91.2 million in 2020, down \$159.4 million, or 63.6%, from 2019. Consisting mainly of landing and general terminal fees paid by airlines, these revenues accounted for 32.3% of total ADM revenues (35.4% in 2019). This decrease is a direct consequence of the COVID-19 pandemic’s impact on global air travel demand, resulting in a significant decline in air carrier activities and passenger traffic.

AIF

AIF revenues totalled \$61.3 million in 2020, down \$175.1 million or 74.1% compared with 2019. AIF revenues accounted for 21.7% of total ADM revenues (33.4% in 2019) and were used solely to fund airport infrastructure improvements and development, including capital and interest payments on long-term debt. This fee is paid by all passengers departing from YUL, except for connecting passengers. The significant drop in AIF is directly linked to the major decline in passenger traffic resulting from the pandemic.

Parking and Ground Transportation

Parking facilities and ground transportation generated \$37.7 million in 2020, down \$60.8 million or 61.8% from 2019. These revenues accounted for 13.4% of total ADM revenues (13.9% in 2019). This revenue stream’s decline is directly attributable to the negative impact of the COVID-19 pandemic on the level of activities.

Concessions

Revenues derived from concessions totalled \$43.9 million in 2020, down \$18.0 million or 29.1% from 2019, and accounted for 15.6% of total ADM revenues (8.8% in 2019). This decrease is mainly attributable to reduced airport activities and the temporary closure of certain areas of the terminal building. Revenues therefore consist mainly of the minimum guaranteed rent provided for under the lease agreements for most concessions.

Real Estate and Other

Revenues from real estate and other sources totalled \$48.1 million in 2020, down \$11.5 million or 19.3% from 2019 and accounted for 17.0% of total ADM revenues (8.5% in 2019). These revenues are derived mainly from land, building and space leasing, as well as from revenues from subsidiaries’ activities. The decrease is mainly attributable to the gain on sale of buildings in 2019.

EXPENSES

(in millions of dollars)	2020	2019	Variance (%)
Salaries and benefits	\$ 46.5	\$ 76.5	(39.2)
Operating expenses	112.1	160.4	(30.1)
Pandemic related costs	39.9	-	100.0
PILT	38.2	39.9	(4.2)
Transport Canada rent	4.7	76.6	(93.8)
Depreciation and impairment of property and equipment and right-of-use assets	171.8	160.0	7.4
Financial expenses (net)	103.4	96.7	6.9
Total expenses	\$ 516.6	\$ 610.1	(15.3)

The % variances in this table are calculated with the results in thousands.

Total operating costs, including salaries and benefits and operating expenses, stood at \$158.6 million in 2020, a decrease of \$78.3 million or 33.0% compared to 2019. This variance reflects the significant cost-cutting measures implemented by ADM to reduce expenses as well as the government assistance received through the Canada Emergency Wage Subsidy program due to the impact of the pandemic on the level of activities.

Salaries and Benefits

Salaries and benefits decreased by \$30 million or 39.2% from \$76.5 million in 2019 to \$46.5 million in 2020. ADM implemented salary reductions, reduced its workforce and participated in the Canada Emergency Wage Subsidy program.

Operating Expenses

Operating expenses were \$112.1 million in 2020, down by \$48.3 million or 30.1% compared to 2019. This decrease is explained by measures implemented by ADM to reduce operating costs, in particular those related to the reduction of airport activities and the temporary closure of certain areas of the terminal building.

Pandemic-Related Costs

As a result of implementing cost-cutting measures, ADM incurred additional expenses totalling \$39.9 million considered to be non-recurring due to their uniqueness in the pandemic context. ADM has granted relief to certain tenants for whom the pandemic has had a significant impact on their financial capacity to pay the minimum guaranteed rent given the reduced level of activity. In addition, ADM reviewed its entire capital investment program and reprioritized each project. Several capacity-related infrastructure projects were postponed or simply cancelled due to the decrease in passenger traffic, resulting in costs to terminate contracts with suppliers and to close construction sites. Finally, since April 2020, ADM has permanently reduced its workforce by nearly 30% through layoffs, terminations and early retirements and has had to incur severance pay as a result.

PILT

PILT remained stable at \$38.2 million, \$1.7 million or 4.2% less than the previous year. This was mainly due to revised property value estimates by Public Services and Procurement Canada.

Transport Canada Rent

Rent to Transport Canada totalled \$4.7 million, down \$71.9 million or 93.8% from 2019. Due to the COVID-19 pandemic, the federal government announced that it would waive ground lease rent from March to December 2020 for Canadian airport authorities that pay rent to Transport Canada. This rent exemption represents a saving of \$21.2 million while the impact of the drop in revenues represents a reduction of \$50.7 million in rent expense.

Transfers to governments include rent paid to Transport Canada and PILT and totalled \$42.9 million in 2020, representing 15.2% of total revenues (\$116.5 million and 16.5% respectively in 2019).

**Depreciation and Impairment
of Property and Equipment
and Right-of-use Assets**

Depreciation and impairment of property and equipment and right-of-use assets totalled \$171.8 million in 2020, which represents an increase of \$11.8 million or 7.4% from the previous year, mainly as a result of the commissioning of new assets during 2019 and 2020.

Financial Expenses (net)

Financial expenses are presented net of financial income. Financial expenses increased to \$103.4 million in 2020 compared to \$96.7 million in 2019, a \$6.7 million or 6.9% variance, mainly due to the increase in interest expense following the issuance of Series R revenue bonds in April 2020.

**Excess (deficiency) of Revenues
Over Expenses**

The year ended December 31, 2020 resulted in a deficiency of revenues over expenses of \$234.0 million compared to an excess of revenues over expenses of \$97.8 million for 2019.

FINANCIAL OUTLOOK FOR 2021

The COVID-19 pandemic and the measures adopted by governments around the world to mitigate the spread of the virus have had a major impact on ADM. As is the case with all players in the global aviation industry, ADM is facing an important decline in air traffic due to travel restrictions imposed in many countries as a result of the COVID-19 pandemic. This led to a major negative impact on ADM's business and results of operations, and this, despite ADM's implementation of significant cost-cutting measures to decrease operating and capital investment expenditures.

As 2021 begins, the rollout of immunization across the globe brings hope for a return to a new normal. Confronted with new waves of contamination, several countries around the world, including Canada, have had to reinstate severe confinement and restriction measures. Eventually, the loosening of the mandatory 14-day quarantine, made possible by rapid testing and advances in immunization, could help breathe new life into the airline industry. However, the timing of a return to a level of activity approaching pre-pandemic levels is still out of sight. Nonetheless, there appears to be a growing consensus in the global aviation industry that 2022 will mark some recovery. We must therefore consider 2021 as a pivotal year,

an opportunity to prepare for the recovery, perhaps even to regain momentum. The economic recovery will depend on all these events, on political and commercial dynamics, as well as the restoration of consumer and business confidence.

In the context where there is still uncertainty over how the future development of the outbreak will impact the pace of recovery of airport activities, ADM commenced a solicitation process to obtain bondholders' consent to amend the master trust indenture to temporarily relieve it of its obligation to meet or satisfy certain covenants required by the master trust indenture for 2021 and 2022. On March 17, 2021, bondholders voted in favour of amending the master trust indenture, therefore granting ADM the requested temporary waiver. Furthermore, based on its current liquidity position and its estimated needs for the coming year, ADM expects to have enough cash flows, or to have access to additional financing, even in the most pessimistic scenarios. Therefore, regardless of the context, ADM foresees being able to meet its financial obligations as they come due.

ADM is closely monitoring the constantly evolving situation in order to be able to respond quickly to changes, namely by implementing cost-cutting measures. In 2021, ADM will focus on essential capital investment projects, in particular those related to the maintenance of its assets as well as those required to comply with the standards and regulations in force, all in accordance with the obligations provided for in the ground lease binding ADM to the Government of Canada.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Certain new standards, amendments to and interpretations of existing standards have been published and have been effective since January 1st, 2020, but they had no impact on ADM's consolidated financial statements.

The International Accounting Standards Board continues to propose changes to IFRS. In Management's opinion, there are no new standards or amendments effective January 1st, 2021 that will impact ADM's consolidated financial statements.

Governance Report

08



MEMBERS OF THE BOARD OF DIRECTORS



Danielle Laberge
Chair of the Board
Tenured Professor, Université du Québec à Montréal



Hélène V. Gagnon
Vice Chair of the Board
Senior Vice President, Public Affairs, Global Communications and Corporate Social Responsibility, CAE



Yves Beauchamp
Director
Chair of the Infrastructure Projects Analysis and Evaluation Committee
Vice-Principal, Administration and Finance, McGill University



Marc G. Bruneau
Director
Vice-President, WhiteHaven Securities Inc.



Alain Côté
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Chair of the Audit and Risk Management Committee
Corporate Director



Yves Dufresne
Director
Corporate Director



Mélanie Kau
Director
Chair of the Corporate Governance and Social Responsibility Committee
Corporate Director



Robert Lefebvre
Director
Corporate Director



Ann MacDonald
Director
Chair of the Development and Innovation Committee
Chief Operating Officer, Bone Structure



Marie-Hélène Nolet
Director
Chief Operating Officer, Desjardins Capital



Louise Roy
Director
Chancellor Emeritus, Université de Montréal and Chair of the board, CIRANO



Philippe Rainville
Director
President and Chief Executive Officer, Aéroports de Montréal

THE BOARD OF DIRECTORS
IS CURRENTLY COMPOSED
OF 12 DIRECTORS



GOVERNANCE

Corporate Governance Practices

Although not subject to the governance rules that regulate public companies, ADM complies with the disclosure and governance practices required of public companies, adapting them to its status as a corporation without share capital. For more information, visit admtl.com.

Board of Directors

The Board of Directors is responsible for managing ADM. It exercises full authority and power and executes all actions that ADM is authorized to take according to the law and ADM’s articles and by-laws, unless the law or the articles and by-laws require that they be exercised by ADM’s assembly of members. The Board of Directors assumes responsibility for corporate governance and accountability to ADM’s governing bodies.

The Board of Directors is currently composed of 12 directors, two of whom are appointed by the Government of Canada.

Four nominating entities are called upon to submit, upon request, the names of three candidates whose profiles match the qualifications being sought by the Board for each position to be filled. These nominating entities, identified

in ADM’s by-laws, are the Government of Québec, the Communauté métropolitaine de Montréal, the Chamber of Commerce of Metropolitan Montréal, and the main carriers operating at YUL. The President and Chief Executive Officer is a de facto director of ADM, and the Board may appoint an additional director.

The director’s term is a maximum of 3 years and is renewable on condition that the total duration of mandates entrusted to the director does not exceed 9 years or, by derogation of the above, does not exceed 12 years.

The Board of Directors met 16 times in 2020. The most important aspects of ADM’s strategic plan were addressed by the members. Of course, the COVID-19 pandemic and its major impacts on ADM’s finances and operations were the most important issues and continue to receive special attention, as does the approval of major contracts and the follow-up on the REM project.

In May 2020, in the midst of the pandemic, the Board of Directors decided to extend Ms. Danielle Laberge’s term as Chair of the Board initially until June 30, 2021, in order to benefit from her leadership in these uncertain times and to ensure a timely recovery. With the situation lasting longer than expected, the Board subsequently decided to extend her mandate until May 4, 2023.

The Board of Directors has revamped the mandates of its Committees in line with ADM’s evolution and current needs, to include the concepts of sustainable development, innovation and accountability and to acquire leading-edge expertise for the follow-up of technical and complex projects.

Audit and Risk Management Committee

The Audit and Risk Management Committee plays a key role in the sound financial governance of ADM, including oversight of (i) the quality, integrity and disclosure of financial information, (ii) internal controls, and (iii) internal and external audits. It ensures that an analysis grid is presented annually to the Board of Directors on the hierarchy of business risks, the assessment of the probability of their occurrence, the overall impact of these risks and the residual impact following the implementation of mitigation measures. It ensures that environmental, social and governance (ESG) criteria are integrated into the contractual agreements under its responsibility, as well as in the Corporation’s financial communications and financing, in accordance with the sustainable development objectives adopted by the Board.

More specifically, the Audit and Risk Management Committee reviews and recommends for Board approval the annual budgets and the quarterly and annual financial statements. It recommends any form of financing required by ADM. It ensures that effective financial controls and reporting procedures are in place. It ensures the integrity of ADM's financial information, its compliance with applicable accounting standards and ADM's compliance with its obligations under its lease, regulations and any financing platform. Other responsibilities include the external audit plan, the appointment of the external auditors, management certification, contract awards requiring Board approval and revenue contracts, as well as policies on the procurement of goods and services, the awarding of revenue contracts, and the independence of the external auditor. In addition, the Committee establishes an annual internal audit program, ensures its execution and reviews the report. With respect to pension plans, the Committee ensures that the related objectives and strategies are established and approved, that sound governance is in place, and that transparent communications are maintained with stakeholders, including the Pension Committee. In doing so, it prepares decision-making files related to the pension plans and, more specifically, regarding the governance plan, plan rules, financial management (investment and capitalization) and compliance. It periodically reviews ADM's insurance program. Finally, the Audit and Risk Management Committee receives regular reports on the application of the security management system and airport security issues, and ensures that business continuity plans are in place.

The Audit and Risk Management Committee is composed of: Alain Côté (Committee Chair), Marc G. Bruneau and Marie-Hélène Nolet.

Development and Innovation Committee

The Development and Innovation Committee supports the Board of Directors on issues related to the environmental component of sustainable development (greenhouse gas reduction, energy efficiency, optimization of waste management, biodiversity recovery and protection, protection of surface and ground water, reduction of drinking water consumption, resilience to the effects of climate change). The Committee also supports the Board in the approval and follow-up of the five-year capital program and in the alignment of infrastructure projects with the master plan. In addition, the Committee supports the Board on issues related to governance and information technology development. Finally, the Committee ensures that ADM is at the forefront of its field of business and sees to the adoption of innovative practices in sectors deemed to be priorities, particularly with respect to sustainable development and the use of information technology to enhance the customer experience.

The members of the Development and Innovation Committee are: Ann MacDonald (Committee Chair), Yves Beauchamp, Hélène V. Gagnon and Robert Lefebvre.

Corporate Governance and Social Responsibility Committee

The Corporate Governance and Social Responsibility Committee supports the Board of Directors in matters of governance and ethics. It focuses on aspects of social responsibility that are priority areas for action related to the social component of sustainable development (relations with communities, stakeholders and political authorities, noise climate management, responsible procurement, employee experience, customer experience, service culture). In addition, the Committee reviews, approves and recommends the adoption of policies, practices and programs relating to human resources management, including those concerning succession planning, overall compensation of senior management and employees, and occupational health and safety (both within the Corporation and on construction sites).

Specifically, the Committee assists the Board and reports periodically to the Board on the results of its work, including issues relating to (i) governance, including ADM's governance practices, the Board's operations and size, the selection criteria for directors, the communication and consultation process with nominating bodies, director compensation, the code of ethics and the whistleblower policy; (ii) communications and public affairs, ensuring that these policies and strategies are suitable for maintaining ADM's credibility and good reputation among its stakeholders; and (iii) human resources, including global compensation policies and programs, the annual salary policy, as well as the job description, compensation and performance evaluation of the President and Chief Executive Officer.

The Corporate Governance and Social Responsibility Committee is composed of the following directors: Mélanie Kau (Committee Chair), Yves Dufresne and Louise Roy.

Infrastructure Projects Analysis
and Evaluation Committee

The Infrastructure Projects Analysis and Evaluation Committee of the Board of Directors is a joint committee composed of ADM directors and external experts. Its role is to review and recommend, for approval by the Board, infrastructure maintenance and development projects that require a complex technical analysis or evaluation, including their technical aspects, management model, integration of sustainable development objectives, timeline and budget envelope. It monitors the budgets of infrastructure maintenance and development projects approved by the Board, regularly reviews their execution and the risks associated with their completion, and reports periodically to the Board. It also provides appropriate and timely advice to ADM’s management.

The members of the Infrastructure Projects Analysis and Evaluation Committee are: Yves Beauchamp (Committee Chair and internal member), Robert Lefebvre (internal member), Alain Bonnot (member and outside expert) and Réal Laporte (member and outside expert).

Community Advisory Committee

The Community Advisory Committee assists ADM’s management. Its mandate is to submit, as required, relevant observations with respect to any project or decision relating to the subjects set out in ADM’s by-laws. The Committee is comprised of members from organizations that share an interest in airport development and that represent the various regions of Greater Montréal. The Committee reports to the President and Chief Executive Officer. The Committee’s operating budget is determined annually by the Board of Directors. Members are appointed for a renewable three-year term. In 2020, the Community Advisory Committee met twice and discussed major issues facing ADM. Specifically, the Committee addressed the impacts of the COVID-19 pandemic on ADM, health measures, and the REM file.

Members of the Community
Advisory Committee

The Community Advisory Committee is chaired by Ève Paré, President and CEO of the Hotel Association of Greater Montréal, and is composed of representatives from the following organizations:

- Aéro Montréal
- Chamber of Commerce of Metropolitan Montréal
- Chamber of Commerce and Industry of Saint-Laurent-Mont-Royal
- City of Dorval
- City of Mirabel
- City of Montréal
- Club des professionnels du transport Québec
- Conseil du patronat du Québec
- Earth Day (Québec);
- Ecotech Québec
- Fédération de l’âge d’or du Québec (FADOQ)
- Institut de tourisme et d’hôtellerie du Québec
- Junior Chamber of Commerce of Montréal
- Kéroul
- McGill University
- Mirabel Chamber of Commerce and Industry
- Mobility Chair, Polytechnique Montréal
- Montréal international
- Palais des congrès de Montréal
- Québec Manufacturers and Exporters
- Québec Road Builders and Heavy Construction Association
- Regroupement des événements majeurs internationaux
- Tourisme Montréal
- Trajectoire Québec
- Transat Chair in Tourism
- West Island Chamber of Commerce

Compensation of Directors in 2020

	Attendance					Compensation		
	Board of Directors	Audit and Risk Management Committee ¹	Development and Innovation Committee ²	Governance and Social Responsibility Committee ³	Infrastructure Projects Analysis and Evaluation Committee ⁴	Retainers	Fees	Total
Yves Beauchamp	16	—	4	—	10	\$ 60,000	\$ 56,750	\$ 116,750
Marc G. Bruneau	16	4	—	—	—	\$ 35,000	\$ 21,750	\$ 56,750
Michel A. Brunet ⁵	16	—	—	7	—	\$ 35,000	\$ 24,750	\$ 59,750
Alain Côté	14	4	—	—	—	\$ 45,000	\$ 19,500	\$ 64,500
Yves Dufresne	16	—	—	7	—	\$ 35,000	\$ 24,750	\$ 59,750
Yves Filion ⁶	—	1	—	—	—	\$ 14,583	\$ 1,500	\$ 16,083
Hélène V. Gagnon	14	—	4	—	—	\$ 35,000	\$ 18,750	\$ 53,750
Mélanie Kau	15	—	—	7	—	\$ 45,000	\$ 23,250	\$ 68,250
Danielle Laberge	16	4	4	7	10	\$ 160,416	\$ —	\$ 160,416
Robert Lefebvre	16	—	4	—	10	\$ 45,000	\$ 56,750	\$ 101,750
Ann MacDonald	15	—	4	—	—	\$ 35,000	\$ 21,000	\$ 56,000
Marie-Hélène Nolet	15	4	—	—	—	\$ 35,000	\$ 21,000	\$ 56,000
Philippe Rainville	16	4	4	7	10	\$ —	\$ —	\$ —
Suzanne Rancourt ⁷	16	—	4	—	—	\$ 50,834	\$ 21,750	\$ 72,584
Louise Roy	16	—	—	7	—	\$ 35,000	\$ 24,750	\$ 59,750
Total						\$ 665,834	\$ 336,250	\$ 1,002,084

¹ Formerly the Audit Committee ² Formerly the Capital Investment Projects and Environmental Committee
³ Formerly the Governance and Human Resources Committee ⁴ Formerly the Oversight Committee – Cityside Program
⁵ End of mandate: February 22, 2021 ⁶ End of mandate: May 4, 2020 ⁷ End of mandate: February 22, 2021



MANAGEMENT COMMITTEE

Management Committee Members ¹



Philippe Rainville
President and Chief
Executive Officer



Joanne Bergeron
Vice President
Human Resources



Sylvain Choinière
Vice President
Legal Affairs and
Corporate Secretary



Aymeric Dussart
Vice President
Technology and Innovation



Stéphane Lapierre
Vice President
Airport Operations and Air
Service Development



Ginette Maillé
Vice President
Finance and Administration
and Chief Financial Officer



Martin Massé
Vice President
Public Affairs and Vice
President, Sustainability

Executive Compensation

The annual salaries of the President and other members of the current Management Committee range from \$200,000 to \$450,000. In addition, an amount of \$966,355 was paid to them at the beginning of 2020 as performance bonuses for the year 2019.

Directors who are Board Members of a “Reporting Issuer”

Mélanie Kau, Alimentation Couche-Tard Inc.; Alain Côté, Goodfellow inc.

¹ The positions of Vice President, Commercial Services and Real Estate Development, and Vice President, Airport Infrastructure, are vacant.

Strategic Review

09



STRATEGIC REVIEW

The pandemic is enabling ADM to gain a clearer picture of its future directions. Its steady pre-COVID growth highlighted the strengths of the organization, but also revealed some opportunities to seize. The strategic reflection exercise begun in 2020 will allow for a realignment of ADM’s corporate objectives, while aiming to provide sustainable solutions for the future.

While for the moment there are no clear indications as to when a return to a level of activity approaching pre-pandemic thresholds will occur, there seems to be a consensus that 2022 will be the year of recovery. The year 2021 will undoubtedly be a pivotal year, an opportunity for ADM to regain momentum and lay the groundwork for the years to come, keeping in mind the needs and expectations of its various stakeholders.

Summary of the Approach

ADM has chosen to perform this strategic review with four scenarios in mind. The purpose of this type of planning is to help organizations navigate in a context requiring significant long-term investments amidst a high degree of short-term uncertainty, which is very much a reflection of the situation in which ADM, and YUL in particular, finds itself.




These scenarios are not meant to be “guesses” about the future. In fact, none of them will fully occur. Rather, the purpose of the exercise is to explore the various possible developments and their implications for operations in order to identify impacts common to all scenarios.



Priority Actions

The overlapping of these common impacts made it possible to identify priority actions. Whatever happens in the next 12 to 18 months, these will be implemented to enable ADM and its two airport sites to participate in the recovery.

First, ADM must act where the needs are the most pressing and adjust its ways of doing things in order to adjust to a new reality.

Main areas of activity	 Financial capacity	 Operational capacity	 Human capacity
Examples of priority actions	<ul style="list-style-type: none">• Secure financing for priority projects and operational needs.• Preserve YUL's competitiveness and attractiveness to airlines in a context of recovery.• Maximize cash to provide the flexibility to invest in initiatives deemed essential.	<ul style="list-style-type: none">• Continue planning for six essential major projects:<ul style="list-style-type: none">- Runway infrastructures- REM station at YUL;- Additional gate needs;- Site access;- YMX logistics hub;- Optimization of energy capacity.• Accelerate the shift to contactless for all operational and business processes that affect the passenger.• Review the processes for managing flight schedules and gate assignment in order to adapt them to the operational reality.• Further develop cargo capacity and improve facilities at YMX to enable efficiency gains for carriers.	<ul style="list-style-type: none">• Assess and establish staffing needs both quantitatively and qualitatively and update talent attraction and acquisition strategies to ensure the success of ADM's recovery.

ADM will also need to adjust and stabilize YUL’s commercial offering, continue its dialogue and involvement in the community, and adapt its business practices to align them more closely with its new sustainable development priorities, which have been revised for 2021.

Transparency

YULTM

Montréal-Trudeau
International
Airport

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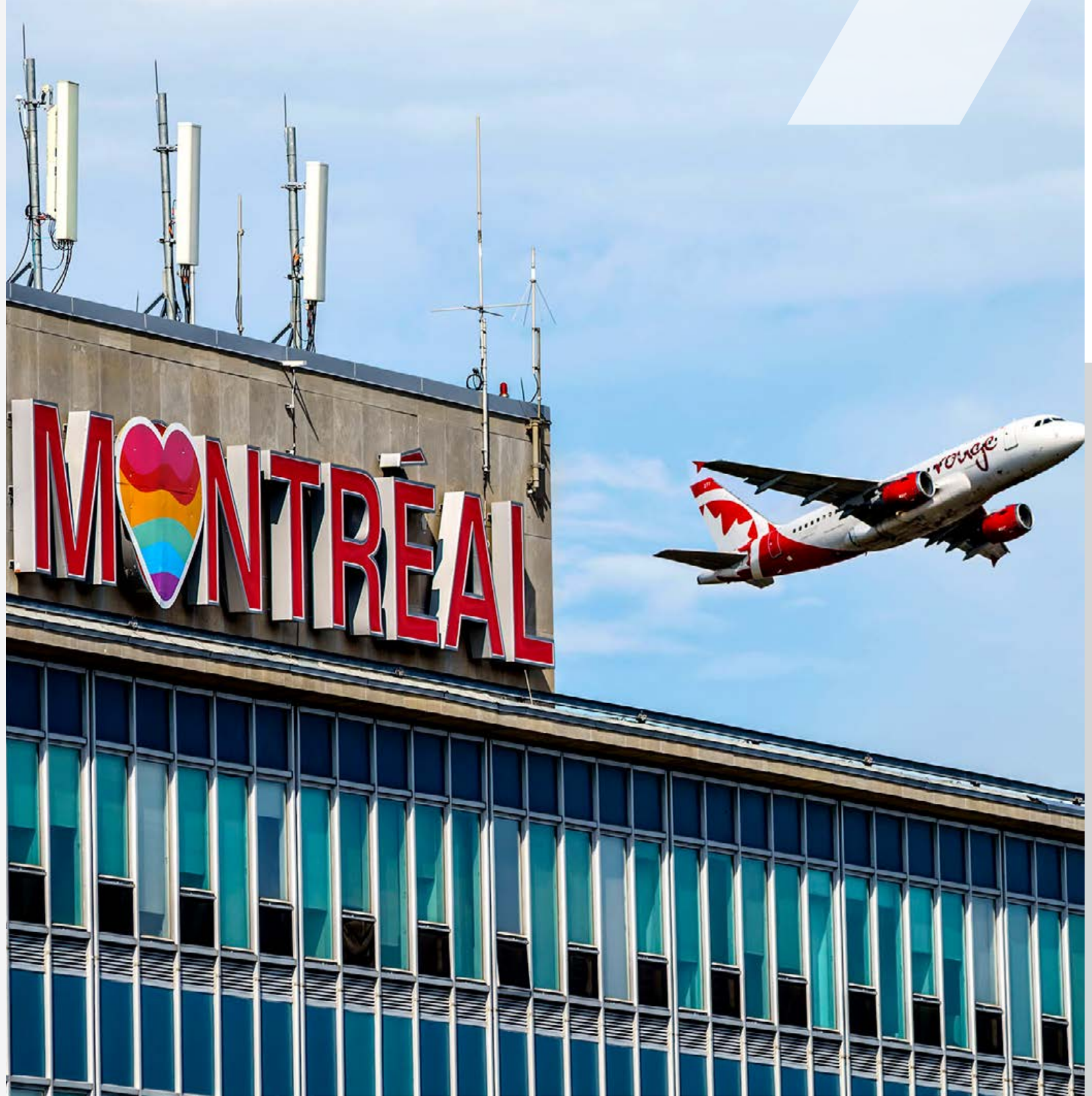
TRANSPARENCY

Accountability

ADM's principles are to be accountable to the community, to be transparent in its relationships with its customers and various stakeholders, and to communicate openly with the public. ADM is accountable for its administration in a number of ways:

- By publishing an annual report that contains, in addition to the audited financial statements, specific information relating to corporate governance, the compensation of directors and officers, and exceptions to the policy on the acquisition of goods and services;
- By issuing press releases in the same manner as publicly traded companies;
- By holding an annual public meeting;
- By holding an annual meeting with each of the nominating organizations;
- By satisfying the financial requirements of bondholders and the bank syndicate, unless they agree to waive them.

ADM also communicates on an ongoing basis with the city or borough councils of neighbouring communities, including those of Dorval, Pointe-Claire, Saint-Laurent, Montréal and Mirabel.



Consultation

In addition to its work with the Community Advisory Committee, ADM consults its various stakeholders on any relevant issues relating to airport management, operations and development, either directly or by way of committees set up specifically for this purpose.

Some examples include:

Soundscape Advisory Committee

Comprised of 15 members appointed respectively by the City of Montréal, the cities of Dorval and Pointe-Claire, as well as the borough of Saint-Laurent, Transport Canada, the Québec government, NAV CANADA, the air carriers and Aéroports de Montréal, this committee meets regularly to discuss soundscape issues.

Airline Consultative Committee

This committee is an effective forum for discussing matters of common interest to carriers and for officially representing their interests during consultations or formal presentations with Aéroports de Montréal, particularly with respect to developing the infrastructure needed to expand air service.

Airport Operators Committee

Bringing together members of Aéroports de Montréal’s management, carriers’ station managers, service representatives from federal inspection agencies, NAV CANADA, material handlers and other aviation service suppliers, this committee oversees the coordination of airport activities.

Master Plan

Updates to the master plans of both airports are required every 10 years and must be reviewed by various groups that Aéroports de Montréal deems appropriate, including the municipalities of Montréal and Mirabel and the Community Advisory Committee. Once comments have been received, updates are filed with the Canadian Minister of Transport. YUL and YMX’s master plans were the subject of consultations in 2013 and were filed with the Canadian Minister of Transport. These plans cover the period from 2013-2033.

Land Use Plan

A consultation plan must be filed with Transport Canada before any change is made to the land use plan. These consultations must be carried out with the Community Advisory Committee as well as with other organizations, bodies and government departments deemed appropriate by Aéroports de Montréal. An approval request for the intended changes must then be filed with the Canadian Minister of Transport.

Information

The public has various means at its disposal to communicate with a representative of Aéroports de Montréal or to access information about ADM’s activities, including the following:

- By visiting the Aéroports de Montréal website at admtl.com;
- By visiting ADM’s various social platforms, namely Facebook, Twitter, Instagram (@yulaeroport) and LinkedIn (@ADM Aéroports de Montréal);
- By calling the general information numbers (514-633-3333 or 1-800-465-1213);
- The travelling public can also share comments, questions or suggestions by phone (514-633-3351), fax (514-394-7356) or email (yulsatisfaction@admtl.com);
- By writing to Public Affairs.

REPORTING OF CONTRACTS NOT SUBJECT TO PUBLIC TENDERING

In accordance with the accountability principles issued by Transport Canada, the administrative by-laws and Aéroports de Montréal's policy on the procurement of goods and services, all contracts in excess of \$125,000 must be publicly tendered, unless the authorized signatory, for reasons of efficiency and practicality, decides otherwise. In all cases, a price validation process is systematically applied.

Reason for Exemption

- A.** When Aéroports de Montréal considers that it is more efficient to award a new contract to an existing supplier, when service providers have gained specific experience related to the previous contract, or when there is an urgent need to undertake work to avoid compromising the safety of premises and persons.
- B.** When the acquired technology remains the property of the supplier, is under patent or licence, or when the specialized experience and expertise of the supplier are quasi-exclusive, or when the maintenance of a source of supply is essential in view of the substantial investments already made to establish a standard.

Contracts of \$1 million and over:

Contract value	Company	Nature of the Contract	Reason
\$1,250,000	Services Accessair Inc.	Operation of passenger transport vehicles	A
\$1,776,374	Englobe Corp	Rehabilitation of the SIADM training site - Phase I	B
\$5,000,000	PriceWaterhouseCoopers S.R.L./ S.E.N.C.L.	Support services for the call for tenders related to the planning of the airside development program	B
\$5,875,000	Arup Canada Inc.	Professional Services – Owner's Engineer – YUL Terminal Expansion Project Planning	B

Contracts of less than \$1 million:

Reason for exemption A – Company (contract)

Adviso Conseil Inc. (web referencing), Bédard Ressources (departures-level information desk), Clark Influence Inc. (marketing plan), Biron Laboratoire Médical S.E.C. (COVID-19 screening clinic), FNX-Innov Inc. (professional services mandate), Ruscio Studio (design services mandate), Serbec Construction Inc. (construction contractor), SirionLabs PTE Ltée (contract management solution), Synergie Conseil (IT professional services).

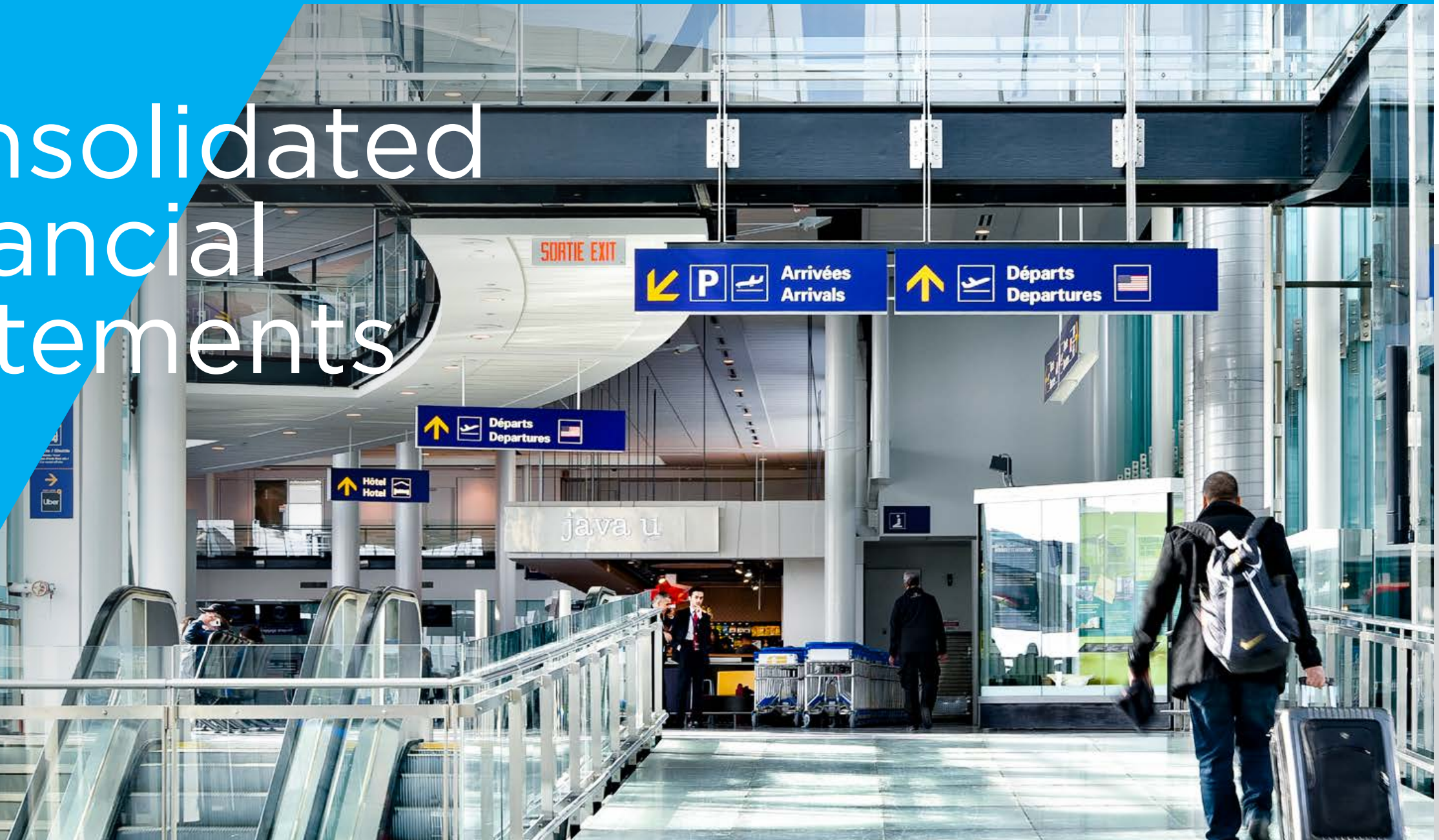
Reason for exemption B – Company (contract)

Alstef Canada (baggage room capacity improvement), Autocar Chartrand Inc. (parking shuttle service), Construction C.A.L. (Ceriko Asselin Lombardi) (concrete slab inspection and repair service), Construction Raytech (replacement of expansion joints), DRL Beaudoin Équipement inc. (heavy vehicle equipment), Les Entreprises Fervel Inc. (cleaning services at YMX), Four Winds Interactive (permit renewal), GDI Services (Québec) S.E.C. (sorting centre management), Groupe Lefebvre M.R.P. Inc. (drainage network rehabilitation work), Groupe Solutions Sociales (passenger process simulation and optimization), Harsco Minerals Inc. (airside high performance abrasives), Palton Aircraft & Industries Limited (ground power units for widebody aircraft), Vision GSS (lean support).

Consolidated Financial Statements

YEAR ENDED
DECEMBER 31, 2020

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FINANCIAL STATEMENTS

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MANAGEMENT’S REPORT

Management is responsible for the preparation and integrity of the financial statements presented in this annual report.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and include figures based on the best estimates and judgment of management. Financial information found elsewhere in this annual report is consistent with these consolidated financial statements.

Management is of the opinion that these consolidated statements present fairly the Corporation’s financial situation, operating results and cash flow. To discharge its responsibilities the Corporation applies controls, internal accounting procedures and methods aimed at ensuring the reliability of the financial information and the protection of corporate assets.

The external auditors, KPMG, have audited the Corporation’s consolidated financial statements. Their report defines the scope of their audit as well as their opinion on the consolidated financial statements.

The Audit and Risk Management Committee of the Board of Directors holds meetings periodically with the external auditors, as well as with management, to examine the extent of the audit and assess the audit reports. These consolidated financial statements have been examined and approved by the Board of Directors upon recommendation by the Audit and Risk Management Committee.

President and Chief Executive Officer,



PHILIPPE RAINVILLE, CPA, CA

Vice President, Finance and Administration
and Chief Financial Officer,



GINETTE MAILLÉ, CPA, CA

April 1, 2021

INDEPENDENT AUDITORS' REPORT

To the Directors of Aéroports de Montréal

Opinion

We have audited the consolidated financial statements of Aéroports de Montréal ("the Entity"), which comprise:

- the consolidated statement of net assets as at December 31, 2020;
- the consolidated statement of comprehensive income (loss) for the year then ended;
- the consolidated statement of changes in net assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"Auditors' Responsibilities for the Audit of the Financial Statements"* section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

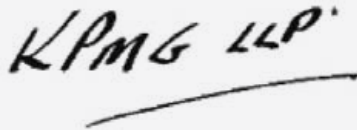
We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Montréal, Canada
April 1, 2021

*CPA auditor, CA, public accountancy
permit No. A122264

CONSOLIDATED STATEMENT OF NET ASSETS

(In thousands of Canadian dollars)

December 31, 2020, with comparative
information for 2019

	Note	December 31, 2020	December 31, 2019
ASSETS			
Current			
Cash and cash equivalents		\$ 179,366	\$ 117,962
Restricted cash	2	56,069	55,880
Trade and other receivables		58,002	35,877
Transport Canada rent receivable	7 a)	14,803	-
Inventories		6,506	6,544
Other current assets		14,995	11,963
		329,741	228,226
Non-current			
Property and equipment	4	2,445,415	2,373,990
Right-of-use assets	5	23,053	19,245
Receivables		32,558	33,212
Investment in a joint venture	6	6,373	5,909
Other non-current assets		47,073	30,796
		2,554,472	2,463,152
		\$ 2,884,213	\$ 2,691,378
LIABILITIES			
Current			
Trade and other payables		\$ 164,196	\$ 217,021
Current portions of long-term bonds and lease liabilities	7(a) and 9	20,060	16,084
Provisions	10	8,570	11,050
Other employee liabilities	11	10,882	12,874
Deferred revenue		5,661	7,684
		209,369	264,713
Non-current			
Long-term bonds	9	2,468,784	1,986,886
Lease liabilities	7 a)	26,223	24,067
Pension benefit liability	11	52,868	36,493
Deferred revenue		39,836	45,497
Deferred tax liabilities	12	85	177
		2,587,796	2,093,120
Commitments	19		
		87,048	333,545
		\$ 2,884,213	\$ 2,691,378

See accompanying notes to consolidated financial statements.

On behalf of the Board of Directors, these consolidated financial statements have been approved on March 18, 2021.



DANIELLE LABERGE, Director



ALAIN CÔTÉ, Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(In thousands of Canadian dollars)

Year ended December 31, 2020,
with comparative information for 2019

	Note	2020	2019
REVENUES			
Aeronautical activities		\$ 91,226	\$ 250,625
Airport improvement fees ("AIF")	15	61,318	236,438
Parking and ground transportation		37,664	98,514
Concessions		43,846	61,878
Real estate		46,565	51,082
Other income		1,541	8,512
	14	282,160	707,049
EXPENSES			
Salaries and benefits	11	46,536	76,501
Operating expenses		112,082	160,413
Pandemic-related costs	13	39,866	-
Payments in lieu of municipal taxes		38,178	39,870
Transport Canada rent	7 a)	4,718	76,658
Depreciation and impairment of property and equipment and right-of-use assets		171,859	160,039
		413,239	513,481
Financial expenses	14	107,153	102,017
Financial income	14	(3,777)	(5,292)
		103,376	96,725
		516,615	610,206
Excess (deficiency) of revenues over expenses before equity pickup and income taxes		(234,455)	96,843
Share in the results of a joint venture net of income taxes		524	558
Income taxes	12	(63)	398
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		\$ (233,994)	\$ 97,799
Other comprehensive loss:			
Items that will never be reclassified subsequently to excess (deficiency) of revenues over expenses:			
Pension and other employee obligations			
Actuarial losses of defined benefit pension plans		\$ (13,590)	\$ (5,582)
Items that are or may be reclassified to excess (deficiency) of revenues over expenses			
Cash flow hedges			
Reclassification to excess (deficiency) of revenues over expenses	14	1,087	1,086
		(12,503)	(4,496)
COMPREHENSIVE INCOME (LOSS)		\$ (246,497)	\$ 93,303

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(In thousands of Canadian dollars)

Year ended December 31, 2020,
with comparative information for 2019

	2020	2019
Balance, beginning of year		
Balance, as previously reported	\$ 333,545	\$ 219,027
Change in accounting policies (IFRS 16)	-	21,215
Balance, as restated	333,545	240,242
Excess (deficiency) of revenues over expenses	(233,994)	97,799
Other comprehensive loss	(12,503)	(4,496)
Balance, end of year	\$ 87,048	\$ 333,545

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Canadian dollars)

Year ended December 31, 2020,
with comparative information for 2019

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses		\$ (233,994)	\$ 97,799
Non-cash items:			
Income taxes		(179)	(398)
Share in the results of a joint venture		(524)	(558)
Gain on subleases		-	(3,555)
Depreciation and impairment of property and equipment and right-of-use assets		171,859	160,039
Amortization of lease incentives		937	884
Change in deferred revenue		(7,684)	(7,985)
Transport Canada rent	7 a)	474	474
Employee pension benefit expense		10,025	9,846
Financial expenses		107,151	101,963
Financial income		(3,777)	(5,292)
		44,288	353,217
Contributions to the pension plan		(7,240)	(7,233)
Changes in working capital items	16	(25,703)	(18,734)
		11,345	327,250
CASH FLOWS FROM (USED) IN FINANCING ACTIVITIES			
Increase in long-term bonds	8	500,000	-
Debt issue costs	8	(3,430)	-
Repayment of long-term bonds and of lease liabilities		(17,526)	(14,024)
Restricted cash		(189)	(388)
Deferred rent		-	5,103
Interest paid		(115,949)	(110,280)
		362,906	(119,589)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investment in a joint venture		-	(5,404)
Other non-current assets		(14,184)	(481)
Acquisition of property and equipment		(302,084)	(283,293)
Proceeds on disposal of property and equipment		79	293
Proceeds from finance lease receivable		(99)	(8)
Interest received		3,441	5,435
		(312,847)	(283,458)
Net increase (decrease) in cash and cash equivalents		61,404	(75,797)
Cash and cash equivalents, beginning of year		117,962	193,759
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 179,366	\$ 117,962

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of Canadian dollars)

Year ended December 31, 2020

Aéroports de Montréal (“ADM”) was incorporated, without share capital, under Part II of the *Canada Corporations Act* on November 21, 1989 and continued on May 23, 2014 under the Canada *Not-for-profit Corporations Act*. The registered address and principal place of business is 800 Leigh-Capreol Place, Suite 1000, Dorval, Québec, H4Y 0A5, Canada.

ADM (the “Corporation”) is responsible for the management, operation and development of YUL, the Montréal-Trudeau International Airport, and of YMX, the International Aerocity of Mirabel.

In the perspective of sustainable development, the Corporation’s mission is to:

- Connect Montréal to the world through the talent and passion of its teams;
- Offer a remarkable, safe and efficient experience while ensuring sustainable development and the enhancement of its facilities;
- Contribute to the prosperity of the community by embodying the vitality of Greater Montréal.

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used to prepare the consolidated financial statements are summarized below.

A) Statement of compliance

These consolidated financial statements have been prepared using accounting policies in accordance with International Financial Reporting Standards (IFRS) as at December 31, 2020. Certain comparative information has been reclassified to conform to the current-year presentation.

The consolidated financial statements were authorized for issue by the Board of Directors on March 18, 2021.

B) Going concern basis of accounting

The COVID-19 pandemic and the measures adopted globally by governments around the world to mitigate the spread of the COVID-19 virus have significantly impacted the Corporation. For the year ended December 31, 2020, the Corporation recorded a deficiency of revenues over expenses of \$233,994. As at December 31, 2020, the Corporation has \$235,435 of cash and cash equivalents, including restricted cash, as well as an unused balance of \$80,820 on its credit facility at the date of authorization of these financial statements (Note 8).

There is still uncertainty over how the future development of the outbreak will impact the Corporation’s activities. Based on its current liquidity position and its estimated needs for the following year, the Corporation expects to have enough cash flow, or to have access to additional financing even in the most pessimistic scenarios. Therefore, regardless of the context, the Corporation foresees being able to meet its financial obligations for the 12-month period following the date of the consolidated statement of net assets. The Corporation is currently assessing the various financing options available to it.

Consequently, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts or classification of the Corporation’s assets and liabilities.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

C) Basis of presentation

These consolidated financial statements are prepared using the historical cost method, except for certain financial instruments which are measured at fair value and for the pension benefit liability and other employee benefits, which are measured as described in the accounting policy for “Post-employment benefits”. The historical cost is usually the fair value of the consideration given to acquire assets.

The consolidated financial statements are expressed in Canadian dollars rounded to the nearest thousand.

D) Principles of consolidation

Subsidiary

These consolidated financial statements include the accounts of ADM and its wholly owned subsidiary, Aéroports de Montréal Capital Inc. (“ADMC”). A corporation controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of a subsidiary are included in the consolidated financial statements from the date the control is obtained until the date that control ceases.

ADMC acts as an investment or financing partner or as an advisor in projects related directly or indirectly to airport management.

All intercompany accounts and transactions have been eliminated upon consolidation.

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for using the equity method. The initial investment is recorded at cost and the carrying amount is adjusted to recognize the

Corporation’s share of the profit or loss and comprehensive income (loss) of its joint venture.

ADMC’s wholly owned subsidiary, Investissements Cargo C&F Mirabel Inc., has a 40% equity interest in Mirabel Cargo LP, an entity responsible for the development and management of rental properties in YMX.

All accounts and transactions with its joint venture have been eliminated to the extent of the Corporation’s interest in the entity.

E) Financial instruments

The Corporation initially recognizes financial assets on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset’s acquisition or origination. On initial recognition, the Corporation classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The classification of the Corporation’s financial instruments is presented in the following table:

Class	Financial instrument
Financial assets at amortized cost	Cash and cash equivalents
	Restricted cash
	Trade and other receivables
Financial liabilities at amortized cost	Trade and other payables
	Long-term bonds

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

E) Financial instruments (continued)

Financial assets measured at amortized cost

After the initial recognition, non-derivative financial assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment loss, if the following conditions are met:

- The assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

Impairment of financial assets

The Corporation uses the “expected credit loss” model for calculating impairment and recognizes expected credit losses as a loss allowance in the consolidated statement of net assets if they relate to a financial asset measured at amortized cost. The Corporation’s trade and other receivables, typically short-term receivables with payments received within a 12-month period, do not have a significant financing component.

Therefore, the Corporation recognizes impairment and measures expected credit losses as lifetime expected credit losses. The carrying amount of these assets in the consolidated statement of net assets is stated net of any loss allowance. Impairment of trade and other receivables is presented within “Other operating expenses” in the consolidated statement of comprehensive income (loss).

Financial assets measured at fair value

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognized in the consolidated statement of comprehensive income (loss). The Corporation currently does not hold any financial assets measured at fair value.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities measured at amortized cost

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest-related charges are reported in the consolidated statement of comprehensive income (loss) within “Financial expenses”.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Derivatives

The Corporation manages its exposure to interest rate volatility through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. All derivatives are recorded at fair value either as assets or liabilities. The effective portion of the change in fair value arising from derivative financial instruments designated as cash flow hedges is recorded in other comprehensive income (loss) and any ineffective portion of change in fair value is reclassified immediately to excess of revenues over expenses. The effective portion of the hedge is then recognized in excess of revenues over expenses over the same period as the related underlying.

Fair value of financial instruments

Financial instruments measured at fair value use the following fair value hierarchy and valuation techniques to categorize them into different levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Corporation recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1. SIGNIFICANT ACCOUNTING POLICIES
(continued)

F) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term highly liquid investments that can be converted into known amounts of cash and which are subject to an insignificant risk of changes in value. Also, their term to maturity is three months or less from the date of acquisition. Interest income on these assets is included in “Financial income”.

G) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined according to the average cost method for replacement parts and according to the first in, first out method for bulk inventories.

H) Government grants

Government grants related to the construction of property and equipment are recognized when there is reasonable assurance that the Corporation will comply with the conditions required by the grants, and that the grants will be received. Grants are recognized as a deduction of property and equipment, and depreciation expense is calculated on the net amount over the useful life of the related asset.

Government grants that compensate for specific expenses incurred, including the Canada Emergency Wage Subsidy (“CEWS”) program, are recorded in the consolidated statement of comprehensive income (loss) net of the related costs.

The Canada Emergency Commercial Rent Assistance (“CECRA”) is recorded in “Other income” in the consolidated statement of comprehensive income (loss).

I) Property and equipment

Property and equipment are measured at cost less subsequent depreciation and impairment losses. The cost includes expenses that are directly attributable to the acquisition or construction of the asset, and the costs of dismantling and removing the asset, and restoring the site on which it is located.

Under the terms of the long-term lease (“Ground Lease”) entered into with Transport Canada, all properties acquired by the Corporation in the vicinity of the airport and outside of the perimeter of the demised premises, and that are used for competing activities, require the consent of the Minister of Transport, at his own conditions, including the sale of these properties in favour of Her Majesty for a nominal amount and their transfer into the demised premises of the Ground Lease. The acquisition cost of such transferred land is accounted for as property and equipment under “Land” and amortized using the straight-line method over the remaining term of the lease with Transport Canada.

This expense is recognized under “Transport Canada rent” in the consolidated statement of comprehensive income (loss) (Note 7(a)).

Construction-in-progress projects are transferred to the appropriate category of property and equipment only when they are available for use (which corresponds to the moment when they are in the location and condition necessary for them to be capable of operating in the manner intended by management), or are written off when, due to changed circumstances, management does not expect the project to be completed. The cost of a self-constructed item of property or equipment includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the location

and conditions necessary for it to be capable of operating in the manner intended by management. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of such asset until they are ready for their intended use. Capitalization of borrowing costs is suspended during extended periods in which the Corporation suspends active development of qualifying assets, and it ceases when substantially all the activities necessary to prepare qualifying assets for their intended use are complete. For generally borrowed funds used for the purpose of obtaining a qualifying asset, the capitalization rate used is the weighted average cost of capital of outstanding loans during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

Buildings and leasehold improvements include leased assets under finance leases, which are comprised of office spaces, as well as property and equipment for which the licensing rights were awarded to a third party under operating leases.

Software that is an integral part of the related hardware is capitalized to the cost of computer equipment and included in property and equipment.

Normal repairs and maintenance are expensed as incurred. Expenditures comprising enhancements to the assets by way of change in capacity or extension of useful life are capitalized.

Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately when its useful life is different.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

I) Property and equipment (continued)

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from derecognition of an item of property and equipment (determined as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income (loss) when the item is derecognized.

Each item of property and equipment is amortized over its estimated useful life or over the term of the related lease, if shorter, using the straight-line method as follows:

Asset	Period
Buildings and leasehold improvements	4–50 years
Civil infrastructures	4–40 years
Furniture and equipment	3–30 years
Technological and electronic equipment	2–20 years
Vehicles	3–15 years

Residual values, useful lives and depreciation methods are reviewed at each reporting period and adjusted for prospectively, if appropriate.

J) Leases

The Corporation as lessor

As a lessor the Corporation classifies its leases as either operating or finance leases.

A lease is classified as a finance lease when it transfers to the lessee substantially all the risks and rewards related to the ownership of the leased asset. All other leases are classified as operating leases.

The amount receivable from the lessee in accordance with a finance lease is recognized at an amount equal to the present value of the rent payments unpaid at that date.

Finance lease income is recognized over the lease term within “Financial income”, to reflect a constant periodic rate of return on the Corporation’s net investment in the lease.

Lease income from operating leases is recognized in income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging an operating lease and lease incentives that are incurred in the initial lease of an asset are capitalized within “Property and equipment”. They are both amortized on a straight-line basis over the term of the related lease and recorded as a reduction of the related revenues.

Variable rents arising from a finance or an operating lease are recognized as rental income when the amount can be estimated reliably, and collectability is considered likely. Any differences arising subsequent to initial recognition of contingent rent are recognized in the consolidated statement of comprehensive income (loss).

The Corporation as lessee

At inception date, the Corporation considers whether a contract is or contains a lease. A lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A contract conveys the right to control an identified asset if:

- The identified asset is usually explicitly identified in the contract or implicitly specified by being made available to the Corporation. If the supplier has a substantive substitution right, then the asset is not identified;
- The Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Corporation has the right to direct the use of the identified asset throughout the period by having the decision-making rights on how and for what purpose the asset is used without the supplier changing those operating instructions.

1. SIGNIFICANT ACCOUNTING POLICIES

(continued)

J) Leases (continued)

The Corporation as lessee (continued)

At inception date, the Corporation recognizes a right-of-use asset and a lease liability on the consolidated statement of net assets. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any lease payments made at the commencement date or in advance, net of any incentives received, any initial direct costs incurred and an estimate of any costs to dismantle and remove the asset at the end of the lease.

Right-of-use assets are amortized over the estimated useful life of the underlying asset or the lease term, if shorter, using the straight-line method.

The Corporation assesses the right-of-use asset for impairment when events or changes in circumstances indicate so.

At the inception date, the Corporation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If not, the Corporation uses its incremental borrowing rate, which is the rate of interest that the Corporation would have to pay to borrow the funds to obtain an asset of similar value and over a similar term.

Lease payments included in the measurement of the lease liability comprise fixed payments less any lease incentives receivable for the right to use the underlying asset during the lease term that are not paid at the commencement date, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee,

payments arising from options reasonably certain to be exercised and penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to initial measurement, the lease liability will be increased to reflect interest and reduced to reflect lease payments made. The Corporation remeasures the lease liability to reflect any reassessment or modification of the lease. The corresponding adjustment is reflected in the right-of-use asset, or in the consolidated statement of comprehensive income (loss) if the right-of-use is already reduced to zero.

The Corporation has elected to exclude short-term leases (whose term is under 12 months) and lease contracts for which the underlying asset has a low value (under \$5). Payments in relation to these are recognized as an expense in the period incurred in the consolidated statement of comprehensive income (loss).

Operating and maintenance costs related to a lease contract, excluding those related to technological and electronic equipment, are recognized as an expense in the period incurred under “Other operating expenses”.

The Corporation as an intermediate lessor

In sublease arrangements where the Corporation is the intermediate lessor, it determines whether the sublease is a finance or an operating sublease by reference to the right-of-use asset. A sublease is a finance sublease if substantially all of the risks and rewards of the head lease right-of-use asset have been transferred to the sub-lessee and the Corporation accounts for the sublease as two separate contracts. The Company derecognizes the right-of-use asset corresponding to the head lease and records a net investment in the finance

sublease with corresponding interest income recognized in “Financial income” in the consolidated statement of comprehensive income (loss) and a net investment receivable recognized in other receivables in the consolidated statement of net assets.

1. SIGNIFICANT ACCOUNTING POLICIES

(continued)

K) Impairment of assets

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows, known as cash-generating units (“CGU”). CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the cash-generating unit’s carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. To determine the value in use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Corporation’s latest approved budget and strategic plan, adjusted as necessary to exclude asset enhancements, but include asset maintenance programs. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

L) Provisions, contingent assets and contingent liabilities

Provisions
Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of economic resources will be required to settle the obligation, and when the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected when the time value of money is significant. Provisions are not recognized for future operating losses.

The increase in the provision associated with the passage of time is recognized as a financial expense.

Site restoration obligation
The Corporation recognizes a site restoration obligation based on the present value of the estimated non-recoverable costs.

Contingent assets and contingent liabilities
Possible inflows of economic benefits to the Corporation that do not yet meet the recognition criteria of an asset are considered contingent assets.

The Corporation does not recognize any liabilities where the outflow of economic resources, as a result of present obligations, is considered improbable or remote.

M) Income taxes

Under the agreement with the Government of Québec, dated July 29, 1992, and pursuant to the *Federal Airports Disposal Act*, dated June 23, 1992, the Corporation, excluding its subsidiaries and its investments in joint ventures, is exempt from income taxes relating to its airports’ activities.

Current taxes
Current income tax is the estimated amount payable on taxable income or fiscal loss for the reporting period and is calculated based on tax rates that have been enacted or substantively enacted by the end of the reporting period. It also takes into account prior period adjustments.

Deferred taxes
Deferred income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws that are expected to apply to their respective period of realization. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Corporation has a right and intention to set off current tax assets and liabilities from the same taxation authority.

1. SIGNIFICANT ACCOUNTING POLICIES

(continued)

N) Municipal taxes

The Corporation is also exempt from the provincial *Act respecting Municipal Taxation*. However, by virtue of a contract with Public Services and Procurement Canada, payments in lieu of municipal taxes are paid under the *Municipal Grants Act*.

O) Short-term employee obligations

Short-term employee obligations, including vacation entitlement, are current liabilities included in “Other employee liabilities” measured at the undiscounted amount that the Corporation expects to pay as a result of the unused entitlement.

P) Post-employment benefits

The Corporation provides post-employment benefits through a pension plan registered under federal jurisdiction which has two components: defined contribution and defined benefit based on final salary. The defined contribution component of the plan is offered to all new employees hired.

Under the defined contribution component, the Corporation pays fixed contributions into an independent entity. The Corporation has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Contributions to the plan are recognized as an expense in the period in which the employee rendered services.

Under the defined benefit component, the amount of pension benefit that a participating employee will receive on

retirement is determined by reference to length of service and expected average final earnings. The legal obligation for any benefits remains with the Corporation, even if plan assets for funding the defined benefit component have been set aside.

The Corporation also provides a supplemental defined benefit pension plan for designated officers hired prior to April 1, 2017. For designated officers hired as of April 1, 2017, the Corporation provides a supplemental defined contribution pension plan. The benefits paid are in accordance with applicable laws and provisions of the plans. The defined benefit and the defined contribution supplemental pension plans are secured by letters of credit.

The liability related to the defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The liability related to the defined contribution supplemental plan is the fair value of the obligation at the reporting date. The liability related to these pension plans is accounted for under “Pension benefit liability” in the consolidated statement of net assets.

Management estimates the defined benefit obligation annually with the assistance of independent actuaries. The estimate of its post-retirement benefit obligation is determined using the projected unit credit method and is charged to consolidated comprehensive income (loss) as services are provided by the employees. The calculations consider management’s best estimate of the salary escalations, retirement ages of employees and expected retirement benefits. The discount rate is determined by reference to high-quality corporate bonds that have terms to maturity approximating the terms of the related pension obligation.

Actuarial gains and losses arise from the difference between actuarial assumptions and plan experience and from changes in actuarial assumptions used to determine the defined benefit obligation. All actuarial gains and losses relating to defined benefit plans are recognized in the period in which they occur in other comprehensive income (loss). Past service costs are recognized immediately in excess of revenues over expenses.

Net interest expense related to the pension obligation and all other post-employment benefit expenses are included in “Salaries and benefits” in the consolidated statement of comprehensive income (loss).

1. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Q) Revenue recognition

The Corporation’s principal sources of revenues are comprised of revenue from aeronautical activities, AIF, parking and ground transportation, concessions, real estate activities as well as other income.

A performance obligation is a contractual promise to transfer a good or service to a customer. The transaction price is the amount agreed upon in a contract, including an estimate of variable consideration to the extent that it is highly probable that a significant reversal will not subsequently occur. Variable consideration is usually derived from incentives such as discounts and rebates. The Corporation recognizes revenue when, or as, the customer obtains control of the goods or services.

Aeronautical activities

Revenues from aeronautical activities, which generally consist of landing and terminal fees, primarily received from airline companies, are recognized when the facilities are utilized.

Aeronautical activities also include deferred revenue which is recognized on a straight-line basis over the term of the corresponding licence agreements or when services are rendered. Deferred revenue is comprised of revenue related to licence fees of certain assets stemming from agreements entered with third parties and upfront payments for services to be rendered the following year.

Airport Improvement Fees

Revenues from AIF are recognized when departing passengers board the aircraft using information from air carriers obtained after boarding has occurred. Under an agreement with the airlines, AIF are collected by the airlines and are included in the price of a plane ticket. They are paid to the Corporation, net of airline collection fees.

Parkings and ground transportation

Revenues from parkings and ground transportation are recognized when the facilities are used or under the straight-line method over the term of the respective agreements.

Concessions

Concession rental payments are calculated based on the greater of the agreed-upon percentages of reported concessionaire sales and specified minimum rentals. Minimum rentals are recognized under the straight-line method over the term of the respective leases, and concession rental payments based on sales are recognized when tenants reach the agreed upon objectives.

Real estate

Real estate revenues are recognized under the straight-line method over the terms of the respective leases.

Other income

Other income includes income from other operations and the CECRA and is recognized as the performance obligation is satisfied.

R) Financial expenses and income

Financial expenses include interest expense on long-term bonds and finance lease liabilities, amortization of debt issue expenses as well as the reclassification of the net change in fair value arising from derivative financial instruments designated as cash flow hedges previously recorded in other comprehensive income (loss). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of comprehensive income (loss) using the effective interest rate method.

Financial income comprises interest income from invested funds and from finance leases. Accrued interest income is recognized in the consolidated statement of comprehensive income (loss) when earned, using the effective interest rate method.

1. SIGNIFICANT ACCOUNTING POLICIES

(continued)

S) Environmental costs

The Corporation expenses recurring costs associated with managing hazardous substances in ongoing operations as incurred.

T) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the respective date of the transaction.

Monetary items in foreign currency are translated into Canadian dollars at the closing rate at the reporting date.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not remeasured.

Foreign exchange gains or losses are recognized in the consolidated statement of comprehensive income (loss) in the period in which they occur.

U) Estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies as well as the reported amounts of assets, liabilities, the disclosure of contingent assets and contingent liabilities at the date of the consolidated

financial statements and reported amounts of revenues and expenses during the period. These estimates and assumptions are based on historical experience, future expectations as well as other relevant factors that are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and any future periods affected. Actual results may differ from these estimates.

The following are the most important accounting policies subject to such judgments and the key sources of estimation uncertainty that the Corporation believes could have the most significant impact on the results and financial position.

Key sources of estimation uncertainty

Asset impairment

The Corporation must assess the possibility that the carrying amounts of tangible assets may not be recoverable. Impairment testing is performed whenever there is an indication of impairment. Significant management estimates are required to determine the recoverable amount of the CGU, including estimates of fair value, selling costs or the discounted future cash flows related to the CGU. Differences in estimates could affect whether tangible assets are in fact impaired and the dollar amount of that impairment.

Airport improvement fees

AIF are recognized when departing passengers board the aircraft using information from air carriers obtained after the boarding has occurred. Therefore, management estimates AIF using information obtained from carriers, if available, as well as their knowledge of the market, economic conditions and historical experience.

Loss allowance

The Corporation makes an assessment as to whether accounts receivable are collectable, based on an expected credit loss model which factors in changes in credit quality since the initial recognition of trade accounts receivable based on customer risk categories. Credit quality is assessed by taking into account the financial condition and payment history of the Corporation’s customers, and other factors. Furthermore, these estimates must be continuously evaluated and updated. The Corporation is not able to predict changes in the financial condition of its customers, and if circumstances related to its customers’ financial condition deteriorate, the estimates of the recoverability of trade accounts receivable could be materially affected and the Corporation could be required to record additional allowances. Alternatively, if the Corporation provides more allowances than needed, a reversal of a portion of such allowances in future periods may be required based on actual collection experience.

Defined benefit obligation

Management estimates the defined benefit obligation annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of the Corporation’s defined benefit obligation is based on management’s best estimate of the discount rate, salary escalations, retirement ages of employees and expected retirement benefits. The discount rate is determined by reference to high-quality corporate bonds that have terms to maturity approximating the terms of the related pension obligation.

1. SIGNIFICANT ACCOUNTING POLICIES

(continued)

U) Estimation uncertainty (continued)

Judgments made in relation to applied accounting policies

Leases

As a lessor, the Corporation's assessment of lease transactions is not always conclusive, and management uses its judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership to the lessee.

As a lessee, the Corporation uses its judgment to assess if a contract contains or is a lease. Leases that are recognized are subject to further estimation and judgments in various areas specific to the arrangement.

When a lease contract includes renewal or termination options, management must use their best estimate to determine the lease term by considering all facts and circumstances to determine if there is an economic benefit to exercise an extension option or to not exercise a termination option. The Corporation reassesses if it is reasonably certain that it will exercise the options when a significant event or change in circumstances occurs that has an impact on the initial assessment.

Lease liabilities are reviewed when a significant event or change in circumstances occurs.

COVID-19 pandemic

In March 2020, the World Health Organization declared that COVID-19 was a worldwide pandemic. The continuous deadly outbreak of this contagious disease has led governments around the world to adopt emergency measures to mitigate

the spread of the virus. These measures, including travel bans, mandatory quarantines and physical distancing, have had a negative impact on air travel demand globally.

In this context, a major decrease in flight activity has led to lower passenger traffic and revenues for 2020. Consequently, the Corporation adopted many initiatives to significantly decrease operating costs, such as those related to reduced airport activities and the temporary closure of certain areas of the terminal building. Furthermore, the Corporation reduced its workforce by almost 30%, implemented salary cuts and applied to the CEWS program (Note 11). The Corporation has also scaled back its investment program for 2020, reducing it from \$556,000 to \$247,709. However, the Corporation incurred additional costs related to the COVID-19 pandemic (Note 13).

At the end of March 2020, the Government of Canada granted the Corporation an exemption of rent payable under the terms of the Ground Lease from March 2020 to December 2020 (Note 7(a)).

Considering the rapidly evolving situation of the COVID-19 pandemic and the related emerging economic contraction, the Corporation is constantly analyzing the extent of the pandemic's impact on its financial situation, which is, and will continue to be, significant. In the meantime, the Corporation continues to monitor the situation closely in order to be able to respond quickly to changes, namely by implementing additional operational cost-cutting measures and by reducing its capital investment program.

In order to assess the effect of the COVID-19 pandemic on its financial information, the Corporation has also revised certain of its complex estimates and assumptions, including important judgments used to prepare the consolidated financial

statements. This included evaluating whether there was any indication of impairment of significant assets and CGUs, reviewing the assumptions used to determine the recoverable value when an impairment test was required and assessing of credit risk on receivables.

2. RESTRICTED CASH

Under the terms of the master trust indenture and the Series N supplemental indenture, the Corporation is required to maintain a debt service reserve fund in the form of cash, investment or letter of credit to cover the principal and interest payments to be made on the long-term bonds in the upcoming six-month period, amounting to \$67,816 (2019 - \$59,832). As at December 31, 2020, \$56,069 (2019 - \$55,880) was held as restricted cash and \$11,775 (2019 - \$4,200) was issued as letters of credit.

3. TRADE AND OTHER RECEIVABLES

	Note	2020	2019
Trade accounts receivable		\$ 17,913	\$ 10,352
Loss allowance		(1,418)	(360)
		\$ 16,495	\$ 9,992
AIF, landing and terminal charges		\$ 4,450	\$ 15,256
Cost recovery of property improvement	4	18,366	7,186
Recoverable consumption taxes		8,711	-
Canada Emergency Wage Subsidy	11 b)	6,517	-
Insurance premiums		1,885	-
Concession revenues		905	2,497
Other		673	946
		\$ 41,507	\$ 25,885
		\$ 58,002	\$ 35,877

4. PROPERTY AND EQUIPMENT

2020									
	Land	Buildings and leasehold improvements	Civil infrastructures	Furniture and equipment	Technological and electronic equipment	Vehicles	Construction projects in progress ^(a)	Total	
Cost									
Beginning balance	\$ 32,905	\$ 1,969,919	\$ 1,034,724	\$ 357,817	\$ 213,986	\$ 73,121	\$ 346,727	\$	4,029,199
Acquisitions	8,336	231,200	35,143	10,527	15,579	13,137	(65,996)		247,926
Reclass	-	-	-	-	-	(6,923)	-		(6,923)
Disposals and write-offs	-	(12)	-	-	-	(874)	-		(886)
Ending balance	41,241	2,201,107	1,069,867	368,344	229,565	78,461	280,731		4,269,316
Depreciation and impairment									
Beginning balance	751	850,207	405,716	212,969	147,446	38,120	-		1,655,209
Depreciation	474	86,144	43,909	12,160	20,500	6,312	-		169,499
Reclass	-	-	-	-	-	(770)	-		(770)
Disposals and write-offs	-	(3)	-	-	-	(34)	-		(37)
Ending balance	1,225	936,348	449,625	225,129	167,946	43,628	-		1,823,901
Net carrying value	\$ 40,016	\$ 1,264,759	\$ 620,242	\$ 143,215	\$ 61,619	\$ 34,833	\$ 280,731	\$	2,445,415
2019									
	Land	Buildings and leasehold improvements	Civil infrastructures	Furniture and equipment	Technological and electronic equipment	Vehicles	Construction projects in progress ^(a)	Total	
Cost									
Beginning balance	\$ 32,905	\$ 1,874,476	\$ 979,257	\$ 350,571	\$ 201,295	\$ 74,454	\$ 166,508	\$	3,679,466
Acquisitions	-	95,443	55,467	7,246	12,734	529	180,219		351,638
Disposals and write-offs	-	-	-	-	(43)	(1,862)	-		(1,905)
Ending balance	32,905	1,969,919	1,034,724	357,817	213,986	73,121	346,727		4,029,199
Depreciation and impairment									
Beginning balance	277	772,633	362,646	200,557	126,591	34,562	-		1,497,266
Depreciation	474	77,574	43,070	12,412	20,898	5,127	-		159,555
Disposals and write-offs	-	-	-	-	(43)	(1,569)	-		(1,612)
Ending balance	751	850,207	405,716	212,969	147,446	38,120	-		1,655,209
Net carrying value	\$ 32,154	\$ 1,119,712	\$ 629,008	\$ 144,848	\$ 66,540	\$ 35,001	\$ 346,727	\$	2,373,990

(a) Net of transfers to other categories of property and equipment when they become available for use.

4. PROPERTY AND EQUIPMENT (continued)

Also included in buildings and leasehold improvements are assets leased by the Corporation to third parties under operating leases with cost and accumulated depreciation of \$134,670 and \$66,322, respectively (2019 - \$134,670 and \$61,892, respectively).

Acquisitions were reduced by \$16,868 (2019 - \$1,949) representing contributions from the Canadian Air Transport Security Authority (“CATSA”) and the National Trade Corridors Fund (“NTCF”). Short-term receivables include a recoverable amount of \$18,366 from CATSA and NTCF (2019 - \$7,186).

5. RIGHT-OF-USE ASSETS

2020					
	Land	Buildings and leasehold improvements	Technological and electronic equipment	Vehicles	Total
Cost					
Beginning balance	\$ 671	\$ 26,357	\$ 2,363	\$ 2,042	\$ 31,433
Acquisitions	-	-	5,994	1,434	7,428
Ending balance	671	26,357	8,357	3,476	38,861
Depreciation					
Beginning balance	20	8,686	1,671	1,811	12,188
Depreciation	34	1,568	1,260	758	3,620
Ending balance	54	10,254	2,931	2,569	15,808
Net carrying value	\$ 617	\$ 16,103	\$ 5,426	\$ 907	\$ 23,053

2019					
	Land	Buildings and leasehold improvements	Technological and electronic equipment	Vehicles	Total
Cost					
Beginning balance	\$ -	\$ 22,515	\$ 1,936	\$ 1,963	\$ 26,414
Acquisitions	671	3,842	427	79	5,019
Ending balance	671	26,357	2,363	2,042	31,433
Depreciation					
Beginning balance	-	7,289	1,351	1,348	9,988
Depreciation	20	1,397	320	463	2,200
Ending balance	20	8,686	1,671	1,811	12,188
Net carrying value	\$ 651	\$ 17,671	\$ 692	\$ 231	\$ 19,245

Right-of-use assets include leases with remaining terms of up to 20 years and possible renewal options for additional periods ranging from 1 to 20 years.

6. INVESTMENT IN A JOINT VENTURE

The Corporation’s wholly owned subsidiary, ADMC, has a 40% equity interest in Mirabel Cargo LP, an entity responsible for the development and management of rental properties at YMX.

7. LEASES

A) The Corporation as lessee

Ground Lease with Transport Canada

The airport facilities are leased under a long-term lease entered into on July 31, 1992 with Transport Canada (Note 1(j)). As of August 1, 1992, the Corporation assumed the expenditure contracts and became the beneficiary of the revenue contracts in effect at that time. The Ground Lease is for a fixed term of 60 years and can be terminated only in the event of default. In 2012, the Corporation exercised its option to renew the lease for an additional 20 years, thus until July 31, 2072. The Ground Lease was negotiated on an “absolute net” basis, allowing the Corporation peaceful possession of the leased premises.

The Corporation assumes full responsibility for the operation and development of the leased premises, including maintenance and renewal of assets, in order to maintain an integrated airport system in conformity with the standards applicable to a “Major International Airport”.

During the term of the lease, Transport Canada has agreed not to operate any international or transborder airport within a radius of 75 kilometres of the Corporation’s airports.

Transport Canada has agreed to assume the cost of any work ordered through a government notice and relating to the presence of hazardous substances affecting the soil, subterranean water or groundwater or buildings erected on the premises where such substances were present on the takeover date. An environmental audit carried out prior to the takeover constitutes *prima facie* evidence of the condition of the premises.

Ground rent is calculated as a percentage of revenues using a sliding scale percentage of airport revenues, as defined in the long-term lease between Transport Canada and the Corporation, according to the following ranges:

Airport revenue	Percentage
Less than or equal to \$5,000	-%
\$5,001 to \$10,000	1%
\$10,001 to \$25,000	5%
\$25,001 to \$100,000	8%
\$100,001 to \$250,000	10%
Exceeding \$250,000	12%

Furthermore, rent to Transport Canada includes depreciation of land transferred to Her Majesty as described in Note 1(i).

Since the rent is calculated based on airport revenues, “Transport Canada rent” expense in the consolidated statement of comprehensive income (loss) is considered a variable rent.

In the context of the COVID-19 pandemic, the federal government announced that it would waive ground lease rent from March to December 2020 for Canadian airport authorities that pay rent to Transport Canada. As a result, rent expense recognized for 2020 is equal to two-twelfths of rent calculated as a percentage of Airport revenues for the year. Furthermore, a receivable from Transport Canada of \$14,803 was recorded for amounts overpaid during the first quarter of 2020.

Other leases

The Corporation enters into leases and service contracts with embedded leases for real estate, technological equipment and vehicles. Leases with a variable rent that are not based on a rate or an index, short-term leases and leases of low-value underlying assets are not reflected on the consolidated statement of net assets.

The aggregate amounts of principal payments required for the next five reporting periods and thereafter are as follows (see additional information on Note 16):

Minimum payments due	2020	2019
Within 1 year	\$ 3,830	\$ 1,693
1 to 5 years	8,319	4,930
After 5 years	17,904	19,137
	\$ 30,053	\$ 25,760

7. LEASES (continued)

B) The Corporation as lessor

The Corporation leases out, under operating leases, real estate. Many leases include renewal options, in which case they are subject to market price revisions. The lessee does not have the option to acquire the leased assets at the end of the lease. Variable rents amount to \$33,531 (2019 - \$32,331) and represent the difference between the agreed-upon percentages of reported sales and specified minimum rental payments.

Future minimum lease income from non-cancellable leases are as follows:

Minimum lease income	2020	2019
Within 1 year	\$ 64,225	\$ 100,909
1 to 5 years	254,194	248,244
After 5 years	716,125	647,566
	\$ 1,034,544	\$ 996,719

The Corporation subleases certain parcels of land on the airport territory to third parties. Subleases that have a contract term that covers most of the remaining term of the Corporation’s head lease with Transport Canada are accounted for as finance leases.

The undiscounted lease payments to be received are as follows:

	2020	2019
Within 1 year	\$ 1,093	\$ 1,065
1 to 5 years	4,622	4,541
More than 5 years	70,004	71,178
Undiscounted lease payments receivable	75,719	76,784
Unearned finance income	(44,317)	(45,481)
Net investment in finance leases	\$ 31,402	\$ 31,303

The net investment in finance leases is included in current and non-current assets in the consolidated statement of net assets.

8. CREDIT FACILITY

The Corporation has an available \$150,000 credit facility (2019 - \$150,000) from a Canadian banking consortium, expiring on April 4, 2025. The credit facility is secured by a bond issued pursuant to the terms of the trust indenture described in Note 9.

The Corporation has the option to draw on the credit facility at a variable interest rate based on prime rate or at a fixed interest rate based on the banker’s acceptance rate plus a premium of 70 basis points (2019 - 70 basis points). Standby fees are calculated at an annual rate of 14 basis points (2019 - 14 basis points) on the unused portion of the credit facility.

A portion of this credit facility was used to issue letters of credit totalling \$30,189 (2019 - \$19,716). These letters of credit are subject to the same terms and conditions as the credit facility.

In addition, an amount of \$38,991 (2019 - \$58,575) of the credit facility is restricted for the operating and maintenance contingency fund under the master trust indenture (Note 9).

9. LONG-TERM BONDS

	2020	2019
Series B bonds , face value at issuance of \$300,000, coupon and effective interest rates of 6.95% and 7.10%, respectively, interest payable on April 16 and October 16 of each year, beginning October 16, 2002, principal payable on April 16 and October 16 of each year, beginning October 16, 2007 and maturing April 16, 2032	\$ 236,632	\$ 246,521
Series D bonds , face value at issuance of \$200,000, coupon and effective interest rates of 6.55% and 6.87%, respectively, interest payable on April 11 and October 11 of each year, beginning April 11, 2004 and maturing October 11, 2033, with principal due at maturity	194,483	194,209
Series E bonds , face value at issuance of \$150,000, coupon and effective interest rates of 6.61% and 6.98%, respectively, interest payable on April 11 and October 11 of each year, beginning April 11, 2004, principal payable on April 11 and October 11 of each year, beginning April 11, 2009 and maturing October 11, 2033	123,702	127,665
Series G bonds , face value at issuance of \$300,000, coupon and effective interest rates of 5.17% and 5.45%, respectively, interest payable on March 17 and September 17 of each year, beginning March 17, 2006 and maturing September 17, 2035, with principal due at maturity	291,615	291,214
Series H bonds , face value at issuance of \$300,000, coupon and effective interest rates of 5.67% and 5.74%, respectively, interest payable on April 16 and October 16 of each year, beginning April 16, 2008 and maturing October 16, 2037, with principal due at maturity	297,482	297,379
Series J bonds , face value at issuance of \$150,000, coupon and effective interest rates of 5.47% and 5.55%, respectively, interest payable on April 16 and October 16 of each year, beginning October 16, 2010 and maturing April 16, 2040, with principal due at maturity	148,668	148,613
Series K bonds , face value at issuance of \$250,000, coupon and effective interest rates of 3.92% and 3.96%, respectively, interest payable on March 26 and September 26 of each year, beginning September 26, 2012 and maturing September 26, 2042, with principal due at maturity	248,625	248,586
Series M bonds , face value at issuance of \$200,000, coupon and effective interest rates of 3.92% and 3.96% ^(a) , respectively, interest payable on June 12 and December 12 of each year, beginning December 12, 2015 and maturing June 12, 2045, with principal due at maturity	198,760	198,731
Series N bonds , face value at issuance of \$250,000, coupon and effective interest rates of 3.36% and 3.40%, respectively, interest payable on April 24 and October 24 of each year, beginning October 24, 2017 and maturing April 24, 2047, with principal due at maturity	248,397	248,359
Series R bonds , face value at issuance of \$250,000, coupon and effective interest rates of 3.03% and 3.05%, respectively, interest payable on April 21 and October 21 of each year, beginning October 21, 2020 and maturing April 21, 2050, with principal due at maturity	496,650	-
	2,485,014	2,001,277
Current portion of long-term bonds	16,230	14,391
	\$ 2,468,784	\$ 1,986,886

(a) If the loss on the cash flow hedge (derivative financial liability) is considered, the all-inclusive effective interest rate is 4.98%.

9. LONG-TERM BONDS (continued)

The long-term bonds are presented net of related debt issue costs amounting to \$29,925 (2019 - \$28,053).

The Corporation’s bonds are secured by a hypothec on the universality of the present and future assets of the Corporation. The master trust indenture, security or any other additional security will not be published or registered at any time against or in respect of any real or immovable property. Until the bonds are repaid in full, the Corporation is required to meet various financial covenants such as maintaining a gross debt service coverage ratio equal to or greater than 1.25 for the 12-month period ending December 31. As at December 31, 2020, the Corporation is in compliance with the various financial covenants set out in the master trust indenture.

The bonds are redeemable in whole or in part at any time at the Corporation’s option. The redemption price is equal to the greater of the aggregate principal amount remaining unpaid on the bond and the price which will provide a yield to maturity on such bond, equal to the yield to maturity of a Government of Canada bond with a term to maturity, calculated from the redemption date, equal to the average life of the bond to be redeemed plus a premium. This premium is equal to 0.24%, 0.34%, 0.35%, 0.25%, 0.29%, 0.34%, 0.38%, 0.37 %, 0.30% and 0.44% per year for Series B, Series D, Series E, Series G, Series H, Series J, Series K, Series M, Series N and Series R bonds, respectively.

The aggregate amounts of principal payments required for the next five reporting periods and thereafter are as follows:

Minimum payments due	2020	2019
Within 1 year	\$ 16,230	\$ 14,391
1 to 5 years	86,391	77,469
After 5 years	2,412,319	1,937,470
	\$ 2,514,940	\$ 2,029,330

The fair value of the long-term bonds is as follows:

	2020	2019
Series B	\$ 315,242	\$ 317,605
Series D	295,400	285,700
Series E	167,948	166,773
Series G	405,570	389,940
Series H	433,590	417,780
Series J	216,900	209,340
Series K	307,125	293,000
Series M	249,060	236,660
Series N	288,450	272,200
Series R	549,450	-
	\$ 3,228,735	\$ 2,588,998

10. PROVISIONS

	Site restoration obligations	Other	Total
Balance as at January 1, 2020	\$ 851	\$ 10,199	\$ 11,050
Increase of provisions	-	1,536	1,536
Decrease of provisions	(569)	(3,447)	(4,016)
Balance as at December 31, 2020	\$ 282	\$ 8,288	\$ 8,570

Balance as at January 1, 2019	\$ 1,332	\$ 7,599	\$ 8,931
Increase of provisions	-	4,589	4,589
Decrease of provisions	(481)	(1,989)	(2,470)
Balance as at December 31, 2019	\$ 851	\$ 10,199	\$ 11,050

A) Site restoration obligations

The estimated expected costs of site restoration obligations were not discounted as the effects of discounting were not considered significant. The provision is adjusted as work is performed and disbursements are incurred.

B) Other

Provisions include amounts stemming from claims submitted by various suppliers and/or clients and relate in particular to construction-in-progress projects. The provisions relating to these claims were recorded according to management’s best estimate of the outflow required to settle the obligation based on its experience of similar transactions. None of the provisions will be discussed in further detail so as not to prejudice the Corporation’s position in the related claims.

11. PENSION BENEFIT LIABILITY AND OTHER EMPLOYEE LIABILITIES

A) Pension benefit liability and other employee liabilities

The liabilities recognized as pension benefit liability and other employee liabilities in the consolidated statement of net assets consist of the following amounts:

	2020	2019
Current		
Other current employee liabilities	\$ 10,882	\$ 12,874
Non-current		
Defined benefit plans and defined contribution supplemental plan	\$ 52,868	\$ 36,493

The current portion of these liabilities represents the Corporation’s obligations to its current and former employees that are expected to be settled one year from the reporting period, as salary, accrued vacation and holiday entitlement.

The non-current portion represents the pension benefit liability related to the defined benefit component that the Corporation provides to employees, as well as the supplemental pension plans offered to designated officers of the Corporation.

**11. PENSION BENEFIT LIABILITY
AND OTHER EMPLOYEE LIABILITIES (continued)**

A) Pension benefit liability and other employee liabilities (continued)

The defined benefit component of the employee pension plan provides pension benefits to retiring employees based on length of service and average final earnings.

As at December 31, 2020, the outstanding balance of contributions is \$402 (2019 - \$441).

Details of the change in the defined benefit pension liability and the defined contribution supplemental pension liability are as follows:

	2020	2019
Defined benefit obligation, beginning of year	\$ 394,450	\$ 350,851
Current service cost	6,196	6,360
Past service cost	182	-
Employee contributions	1,187	1,460
Interest cost	12,143	12,892
Benefits paid	(14,347)	(14,218)
Actuarial gains due to experience adjustments	(1,128)	(1,208)
Actuarial losses due to change in financial assumptions	23,833	38,313
Defined benefit obligation, end of year	\$ 422,516	\$ 394,450
Fair value of plan assets, beginning of year	\$ 357,957	\$ 322,553
Employer contributions	5,172	5,254
Employee contributions	1,187	1,460
Expected return on plan assets	10,964	11,785
Actuarial gains (losses)	9,115	31,523
Benefits paid	(14,347)	(14,218)
Administrative fees	(400)	(400)
Fair value of plan assets, end of year	369,648	357,957
Pension benefit liability	\$ 52,868	\$ 36,493

All defined benefit plans are partially funded. Moreover, the Corporation issued letters of credit mainly to extend the solvency deficiency payment of its employees' defined benefit pension plan. As at December 31, 2020, the outstanding amount of these letters of credit was \$40,158 (2019 - \$37,096).

The significant actuarial assumptions adopted are as follows:

	2020	2019
Corporation's defined benefit obligation as at the reporting date		
Discount rate	2.75 %	3.10 %
Rate of compensation increase	3.00	3.00
Inflation rate	2.00	2.00
Net benefit plan expense for reporting years		
Discount rate	3.10	3.70
Rate of compensation increase	3.00	3.00
Inflation rate	2.00	2.00

Mortality assumptions as at December 31, 2019 and 2020 are based on mortality table CPM2014 with mortality improvement adjusted to the MI-2017 scale.

The Corporation's defined benefit pension plans and the defined contribution supplemental plan expense is as follows:

	2020	2019
Current service cost	\$ 6,196	\$ 6,360
Net interest cost	1,179	1,107
Administrative fees	400	400
Past service cost	182	-
Net benefit plan expense	\$ 7,957	\$ 7,867

**11. PENSION BENEFIT LIABILITY
AND OTHER EMPLOYEE LIABILITIES (continued)**

A) Pension benefit liability and other employee liabilities (continued)

The distribution of total fair value of assets of the pension plans by major asset category is as follows:

	Level	2020	2019
Cash		\$ 3,046	\$ 4,023
Annuity buy-in contract	3	215,035	210,902
Mutual funds of Canadian bonds	2	59,559	41,674
Mutual funds of foreign equities	2	44,184	29,578
Mutual funds - Infrastructure	3	17,164	23,010
Mutual funds - Real estate	3	18,082	22,941
Mutual funds of Canadian equities	2	13,740	9,240
Canadian equities	1	-	10,526
Money market mutual funds	2	-	209
Foreign equities	1	-	178
Others		(1,162)	5,676
		\$ 369,648	\$ 357,957

The Pension Committee prepares the documentation relating to the management of asset allocation. The Audit Committee reviews the investment policy and recommends it to the Board of Directors for approval in the event of material changes to the policy. Quarterly monitoring of the asset allocation plan allows the Pension Committee, and ultimately the Audit Committee, to ensure that the limits of asset allocation of the entire plan are respected.

Contributions in 2021 for both components of the employee pension plan are expected to approximate \$8,200, of which \$1,000 will be issued as a letter of credit to fund the deficit.

The actuarial report for the year ended December 31, 2020 was unavailable at the reporting date. However, management considers the extrapolation of the December 31, 2019 figures to be the best method to estimate the Corporation's defined benefit obligation and expense as at December 31, 2020 and for the year ended at that date. The revised assumptions used to extrapolate have been reviewed and deemed accurate.

The pension plans expose the Corporation to the following risks:

(i) Investment risk:

The defined benefit obligation is calculated using a discount rate. If the fund's returns are lower than the discount rate, a deficit is created.

(ii) Interest rate risk:

Variation in bond rates will affect the value of the defined benefit obligation.

(iii) Longevity risk:

An improvement in life expectancy greater than projected in the mortality tables used will increase the value of the defined benefit obligation.

(iv) Inflation risk:

The defined benefit obligation is calculated assuming a certain level of inflation. An actual inflation higher than expected will have the effect of increasing the value of the defined benefit obligation.

11. PENSION BENEFIT LIABILITY
AND OTHER EMPLOYEE LIABILITIES (continued)

A) Pension benefit liability and other employee liabilities (continued)

(v) Sensitivity analysis:

As at December 31, 2020, reasonably possible changes in relevant actuarial assumptions would affect the defined benefit obligation by the following amounts (other assumptions being constant):

	Impact on total obligation	Impact on obligation excluding annuity buy-in contracts ^(a)
Interest rate: decrease of 1%	\$ 81,559	\$ 52,171
Inflation rate: increase of 1%	69,777	38,590
Rate of compensation increase: increase of 1%	9,030	9,030
Mortality: multiplication rate by 99%	1,100	589

(a) The variation of certain assumptions on the defined benefit obligation related to the annuity buy-in contracts has a corresponding, or close to, impact on the asset value, mitigating the pension plan's risk.

As at December 31, 2020, the weighted average duration of the defined benefit obligation amounted to 19.4 years (2019 – 19.4 years).

B) Employee benefits expense

Expenses recognized for employee benefits in “Salaries and benefits” are set out below:

	2020	2019
Salaries and benefits	\$ 36,511	\$ 66,655
Pension - defined benefit	7,805	7,642
Pension - defined contribution	2,220	2,204
	\$ 46,536	\$ 76,501

In April 2020, the Government of Canada announced its CEWS program to help Canadian employers maintain or restore employees on payroll and to mitigate the challenges arising from the COVID-19 pandemic.

As an employer, the Corporation meets the eligibility requirements and applied for the CEWS as of March 15, 2020. The Corporation recorded a total gross amount of \$15,574 under the CEWS program under “Salaries and benefits” in the consolidated statement of comprehensive income (loss). As at December 31, 2020, an amount of \$6,517 was included in Trade and other receivables (Note 3).

12. INCOME TAXES

The Corporation’s subsidiary has accumulated approximately \$287 in capital losses available to reduce future capital gains.

As at December 31, 2020, the subsidiary has accumulated non-capital losses of \$4,444 to reduce future years’ taxable income. These losses expire as follows: \$3,264 in 2031, \$57 in 2032, \$700 in 2033, \$224 in 2036 and \$199 in 2037.

Also, the Corporation’s subsidiary has accumulated federal and provincial research and development tax credits of approximately \$278 and \$479, respectively. These credits are available to reduce future taxable income.

13. PANDEMIC-RELATED COSTS

The COVID-19 pandemic has had a significant negative impact on global demand for air travel during 2020. In this context, the Corporation implemented many initiatives to decrease its operating costs as well as its capital investment program.

As a result of implementing these initiatives, the Corporation incurred additional costs which it deems as non-recurring due to their unique nature in the pandemic-related context. The following amounts were recorded in operating expenses:

	2020	2019
Forgiven rent	\$ 27,316	\$ -
Site demobilization costs	6,667	-
Restructuring costs	5,883	-
	\$ 39,866	\$ -

A) Forgiven rent

The pandemic has had an impact on the financial capacity of tenants to pay the guaranteed minimum rent provided for under the lease agreements given the reduced level of activity. The Corporation provided relief for certain tenants through lease renegotiations. The Corporation also took part in the CECRA program by reducing rent for eligible lessees that wanted to subscribe to the program. The CECRA program provided a 75% rent relief for eligible small businesses from April 1, 2020 to September 30, 2020, of which two thirds are paid by the federal and provincial governments for a total of \$838 included in “Other revenue”. The remaining third was forgiven by the Corporation.

B) Site demobilization costs

The Corporation reviewed and reprioritized its entire capital investment program. Many capacity-related infrastructure projects were postponed or simply cancelled due to the decrease in passenger traffic. As a result, the Corporation incurred costs to terminate certain supplier contracts and to close construction sites. This review is a direct consequence of the unprecedented impact of the COVID-19 pandemic on the Corporation.

C) Restructuring costs

At the beginning of the pandemic, the Corporation maintained its employment relationship with its entire workforce even though certain employees were furloughed. Salaries were maintained and subsidized mainly by the CEWS program to safeguard the expertise acquired by employees within the Corporation and to facilitate the eventual recovery process. Also, as of April 2020, the Corporation offered early retirement packages to eligible employees. Finally, in September 2020, the Corporation permanently reduced its workforce through layoffs and termination of employment. The costs associated with the implementation of these measures totalled \$5,883, net of the related CEWS subsidy for furloughed employees.

14. INFORMATION INCLUDED IN THE STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	2020	2019
Rendering of services	\$ 174,133	\$ 562,987
Revenues derived from operating leases	106,486	131,995
CECRA subsidy	838	-
Gain on sale of assets	89	7,577
Gain on subleases	-	3,555
Other income	614	935
	\$ 282,160	\$ 707,049
Financial expenses:		
Interest on long-term bonds	\$ 115,944	\$ 106,191
Interest on lease liabilities	1,759	1,730
Amortization of debt issue costs	1,558	1,328
Reclassification of losses on cash flow hedges ^(a)	1,087	1,086
Capitalized interest on property and equipment ^(b)	(13,811)	(9,470)
Other	616	1,152
	\$ 107,153	\$ 102,017
Financial income:		
Interest on short-term investments	\$ (2,590)	\$ (4,194)
Interest on finance leases	(1,164)	(1,059)
Other	(23)	(39)
	\$ (3,777)	\$ (5,292)

(a) Cumulative losses on hedge transactions included in other comprehensive income (loss) is \$26,443 (2019 - \$27,530).

(b) The weighted average cost of capital used to capitalize borrowing costs is 5.11% (2019 - 5.56%).

15. AIRPORT IMPROVEMENT FEES

The Corporation introduced AIF for all passengers departing from YUL since November 1, 1997. These fees are used entirely to finance part of the Corporation's capital investment program for YUL. The Corporation also collected AIF from passengers departing from YMX from 2001 to 2004, at which time it stopped financing YMX's investments with AIF. These fees are collected by the airlines in the price of a plane ticket and are remitted to the Corporation, net of airline collection fees. From November 1, 1997 to December 31, 2020, cumulative capital expenditures totalled \$4,089,000 (2019 - \$3,854,000) exceeding the cumulative amount of gross AIF collected (excluding airline collection fees) by \$1,634,000 (2019 - \$1,460,000).

16. INFORMATION INCLUDED IN CASH FLOWS

The changes in working capital items are detailed as follows:

	2020	2019
Trade and other receivables	\$ (37,144)	\$ (6,518)
Other current assets	4,596	(7,748)
Trade and other payables	12,656	(5,672)
Other employee liabilities	(1,992)	(897)
Provisions	(3,819)	2,101
	\$ (25,703)	\$ (18,734)

The reconciliation of movements of liabilities to cash flows arising from financing activities is as follows:

	Long-term bonds ^(a)	Lease liabilities	Total
Balance as at January 1, 2020	\$ 2,023,952	\$ 25,760	\$ 2,049,712
Changes from financing cash flows			
Proceeds from long-term bonds	500,000	-	500,000
Debt issue cost	(3,430)	-	(3,430)
Repayments	(14,391)	(3,135)	(17,526)
Liability-related changes			
Increase in lease liabilities	-	7,428	7,428
Capitalized interest	13,811	125	13,936
Interest expense	102,133	1,759	103,892
Amortization of debt issue costs	1,558	-	1,558
Interest paid	(113,120)	(1,884)	(115,004)
Balance as at December 31, 2020	\$ 2,510,513	\$ 30,053	\$ 2,540,566

(a) Balances include accrued interest.

Additions to property and equipment included in trade and other payables totalled \$98,893 (2019 - \$167,368).

17. RELATED-PARTY TRANSACTIONS

The Corporation’s related parties include key management personnel. None of the transactions incorporate special terms and conditions, and no guarantees were given or received.

Key management of the Corporation are members of the Board of Directors, the President and Vice-presidents. Their remuneration, including severance pay, is \$6,529 in 2020 (2019 - \$7,182).

18. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Corporation is party to legal proceedings in the normal course of operations involving financial demands which are being contested. Unless recognized as a provision (Note 10), management considers these claims to be unjustified and the probability that they will require settlement at the Corporation’s expense to be remote. Management believes that the resolution of these claims will not have a significant adverse effect on the Corporation’s consolidated financial statements.

19. COMMITMENTS

The Corporation entered into agreements for services, rentals, procurements and maintenance. Future minimum payments are as follows:

Within 1 year	\$	45,617
1 to 5 years		20,448
After 5 years		-
	\$	66,065

In addition to the commitments listed above, the Corporation entered into contracts for the acquisition and construction of property and equipment totalling \$169,185 (2019 - \$340,284), of which \$198 (2019 - \$6,819) are denominated in foreign currencies.

20. FINANCIAL INSTRUMENTS

A) Financial risk management objectives and policies

The Corporation is exposed to various financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk, resulting from its operations and business activities. Management is responsible for setting acceptable levels of these risks and reviewing their respective impact on the Corporation’s activities.

The Corporation does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

B) Fair value and classification of financial instruments

The following table provides the carrying amount and the fair value of financial assets and financial liabilities, including their fair value hierarchy class. It does not include information on the fair value of financial assets and financial liabilities that are not measured at fair value if the carrying amount is comparable. The Corporation has determined that the fair value of current financial assets and liabilities (other than those described below) is comparable to their respective carrying amount at the closing date, given their short maturity periods.

As at December 31, the classification of other financial instruments, their fair value hierarchy class, as well as their carrying amount and respective fair value, are as follows:

		Carrying amount		
	Level	Financial liabilities at amortized cost		Fair value
Financial liabilities as at December 31, 2020				
Long-term bonds	2	\$	2,485,014	\$ 3,228,735
Financial liabilities as at December 31, 2019				
Long-term bonds	2	\$	2,001,277	\$ 2,588,998

The fair value of long-term bonds has been determined based on comparable quoted market prices adjusted for the Corporation’s risk premium.

20. FINANCIAL INSTRUMENTS (continued)

C) Foreign exchange risk

The Corporation is exposed to foreign exchange risk due to purchases of goods and services in the regular course of business and payments received from clients in foreign currencies. Assets and liabilities denominated in foreign currencies converted into Canadian dollars, at the closing rate, are as follows:

	2020	2019
Cash and cash equivalents and trade and other receivables	\$ 261	\$ 1,070
Trade and other payables	253	1,235

The Corporation performed a sensitivity analysis on foreign currency rates used to convert assets and liabilities denominated in currencies other than the Canadian dollar. Management concluded that a 5% fluctuation of the foreign currency rates would not significantly impact the Corporation’s assets and liabilities. The Corporation does not currently hold any derivative financial instruments to mitigate this risk.

D) Interest rate risk

The Corporation’s cash equivalents and long-term bonds bear interest at fixed rates. The Corporation has the option to draw on its credit facility at a variable or fixed interest rate (Note 8).

The Corporation’s policy, to the extent possible, is to maintain most of its borrowings at fixed interest rates.

The Corporation’s cash equivalents, credit facility and long-term bonds are exposed to a risk of change in their fair value due to changes in the underlying interest rates. A fluctuation of 50 basis points in the interest rate would not have a significant impact on fair value.

E) Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Generally, the carrying amount of the Corporation’s financial assets exposed to credit risk reported in the consolidated net assets, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

Financial assets that potentially subject the Corporation to credit risk consist primarily of cash and cash equivalents, restricted cash and trade and other receivables.

Cash and cash equivalents, restricted cash and non-current receivables

The Corporation has an investment policy which stipulates that the objectives are to preserve capital and liquidity and to maximize the return on invested amounts. The policy specifies permitted types of investment instruments, authorized issuers, the maximum proportion of each type of investment instrument as well as the acceptable credit rating and maximum maturity of certain permitted investments.

Credit risk associated with cash and cash equivalents and restricted cash is substantially mitigated by ensuring that these financial assets are invested with major financial institutions that have been rated as investment grade by a primary rating agency and qualify as creditworthy counterparties.

Impairment on cash and cash equivalents and restricted cash has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Corporation considers that its non-current receivables have low credit risk based on the external credit ratings of the counterparty.

The Corporation did not have any non-current receivables that were past due nor impaired at December 31, 2020.

20. FINANCIAL INSTRUMENTS (continued)

E) Credit risk (continued)

Trade and other receivables

Credit risk with respect to trade and other receivables is limited due to the Corporation’s credit evaluation process, reasonably short collection terms and the creditworthiness of its customers. The Corporation regularly monitors its credit risk exposures and takes steps to mitigate the likelihood of these exposures resulting in actual losses. Credit risk related to receivables is also minimized by the fact that the Corporation requires security deposits from certain customers. Also, a portion of aeronautical revenues is invoiced and paid in advance, before services are rendered. A loss allowance is maintained, consistent with the credit risk, historical trends, general economic conditions and other information, as described below, and is taken into account in the consolidated financial statements.

The following table presents information on credit risk exposure and expected credit losses related to trade accounts receivable:

	2020	2019
Current	\$ 12,493	\$ 7,621
30 - 60 days past due	3,964	1,253
61 - 90 days past due	76	154
Over 90 days past due	1,380	1,324
	17,913	10,352
Loss allowance	(1,418)	(360)
Balance, end of year	\$ 16,495	\$ 9,992

As at December 31, 2020, an amount of \$1,333 (2019 - \$267) included in the loss allowance represents a specific allowance for trade accounts receivable that amount to \$3,439 (2019 - \$418). As the expected credit losses, excluding those related to specific allowances, total \$85 (2019 - \$93), they have not been allocated according to the aging of trade accounts receivable presented in the table above.

F) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial liabilities and obligations as they become due. The Corporation is exposed to this risk mainly through its long-term bonds, credit facility, finance lease liabilities, trade and other payables and contractual commitments. The Corporation finances its operations through a combination of cash flows from operations and long-term borrowings.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Corporation has financing sources for a sufficient authorized amount. The Corporation establishes budgets, cash estimates and cash management policies to ensure it has the necessary funds to fulfill its obligations in the foreseeable future.

20. FINANCIAL INSTRUMENTS (continued)

F) Liquidity risk (continued)

The following table sets out the Corporation’s financial liabilities, including interest payments, where applicable:

	Finance lease liabilities	Long-term bonds	Contractual commitments ^(a)	Trade and other payables	Total
As at December 31, 2020					
Within 1 year	\$ 5,670	\$ 135,909	\$ 45,617	\$ 164,196	\$ 351,392
1 to 5 years	14,877	552,211	20,448	-	587,536
After 5 years	29,648	3,935,896	-	-	3,965,544
As at December 31, 2019					
Within 1 year	\$ 3,530	\$ 119,935	\$ 43,887	\$ 217,021	\$ 384,373
1 to 5 years	11,673	488,146	23,793	-	523,612
After 5 years	32,404	3,188,966	-	-	3,221,370

(a) These amounts exclude commitments related to acquisition and construction of property and equipment.

Given the amount available under its credit facility, the amount of cash and cash equivalents and the timing of liability payments, management assesses the Corporation's liquidity risk as low.

21. CAPITAL MANAGEMENT

The Corporation’s primary objectives when managing capital are: (i) to safeguard the Corporation’s ability to continue as a going concern; and (ii) to provide financial capacity and flexibility to meet strategic objectives and growth.

The capital structure of the Corporation consists of cash and cash equivalents, restricted cash as well as long-term bonds and credit facility. As described in Note 1, the Corporation does not have any share capital. Accordingly, it is funded through cash flows, the issuance of bonds and other borrowings, as required.

A summary of the Corporation’s capital structure is as follows:

	2020	2019
Long-term bonds	\$ 2,485,014	\$ 2,001,277
Cash and cash equivalents and restricted cash	(235,435)	(173,842)
	\$ 2,249,579	\$ 1,827,435

The Corporation manages its capital structure in accordance with its expected business growth, operational objectives and underlying industry, market and economic conditions. Consequently, the Corporation has developed a financial model, which enables it to estimate its capital requirements while ensuring that all financial covenants of the trust indenture are respected. Management reviews this financial model periodically and incorporates it in its five-year strategic plan presented and approved annually by its Board of Directors.

The Corporation’s strategy for managing capital remained unchanged from 2019.

22. SUBSEQUENT EVENT

On March 17, 2021, the Corporation obtained consent from its bondholders to amend the master trust indenture, relieving it temporarily of its obligations to meet or satisfy certain covenants required by the master trust indenture for the years 2021 and 2022. This temporary waiver was requested due to the persisting uncertainty surrounding the significant decrease in passenger traffic and flight activity as a result of the pandemic.

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ADM wishes to thank all the devoted employees and
suppliers whose pictures appear in this Annual Report.

*The original text written in French shall prevail.
Ce document est également diffusé en français.*



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