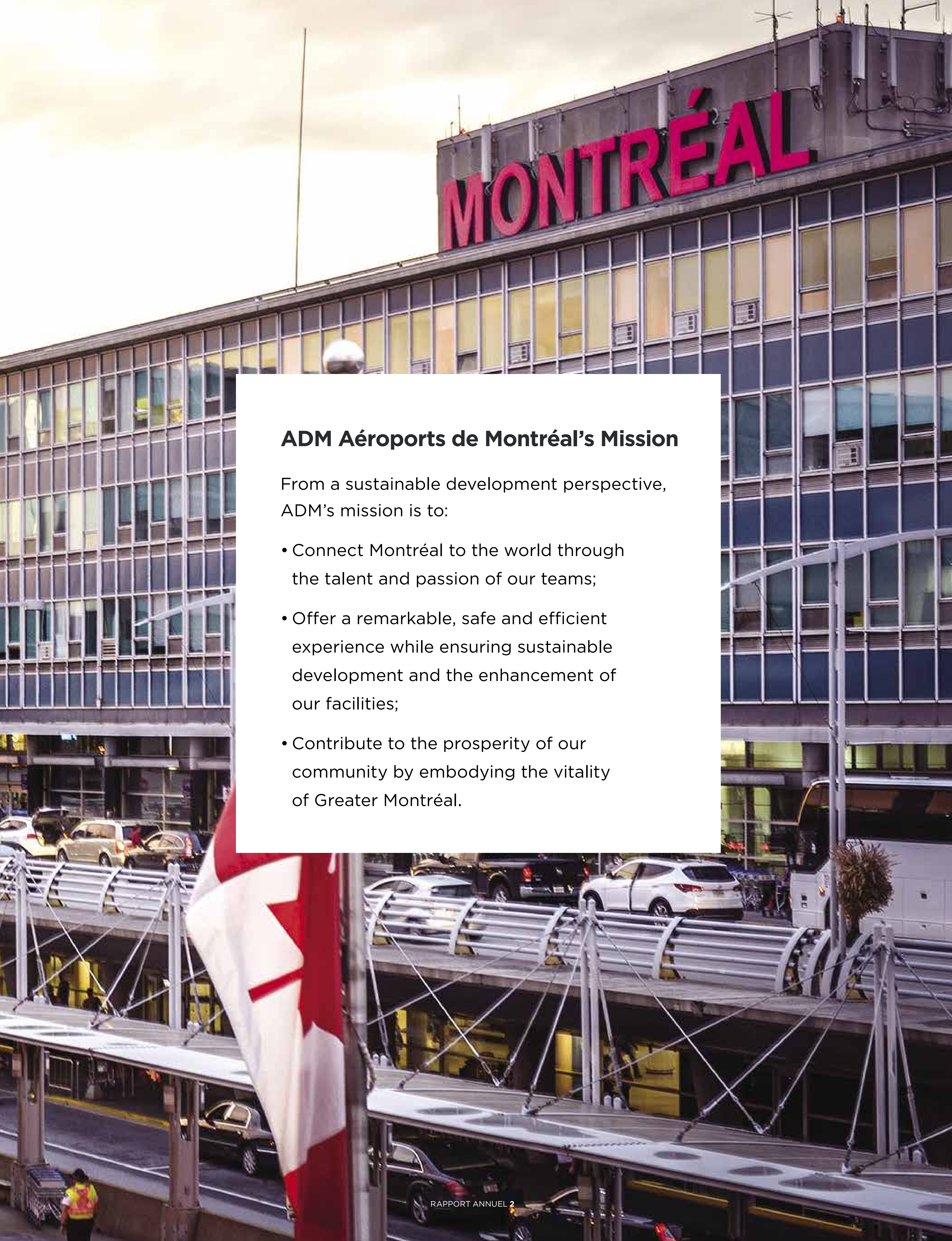
annual report 2019

Aéroports de Montréal



ADM Aéroports de Montréal's Mission

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

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

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. Thirty-four passenger carriers and nine all-cargo carriers connect Montréal to a significant number of airports around the world. In 2019, some 20.3 million passengers and 229,400 metric tonnes of cargo passed through YUL and YMX. The approximately 250 establishments active at the airport sites generate a total of nearly 60,000 jobs, including 34,000 direct jobs, and nearly $8 billion of nominal GDP in Québec. Of this amount, $6.8 billion comes from the activities of companies established on YUL's 12 km^2 site, which corresponds to 1.6% of Québec's GDP.

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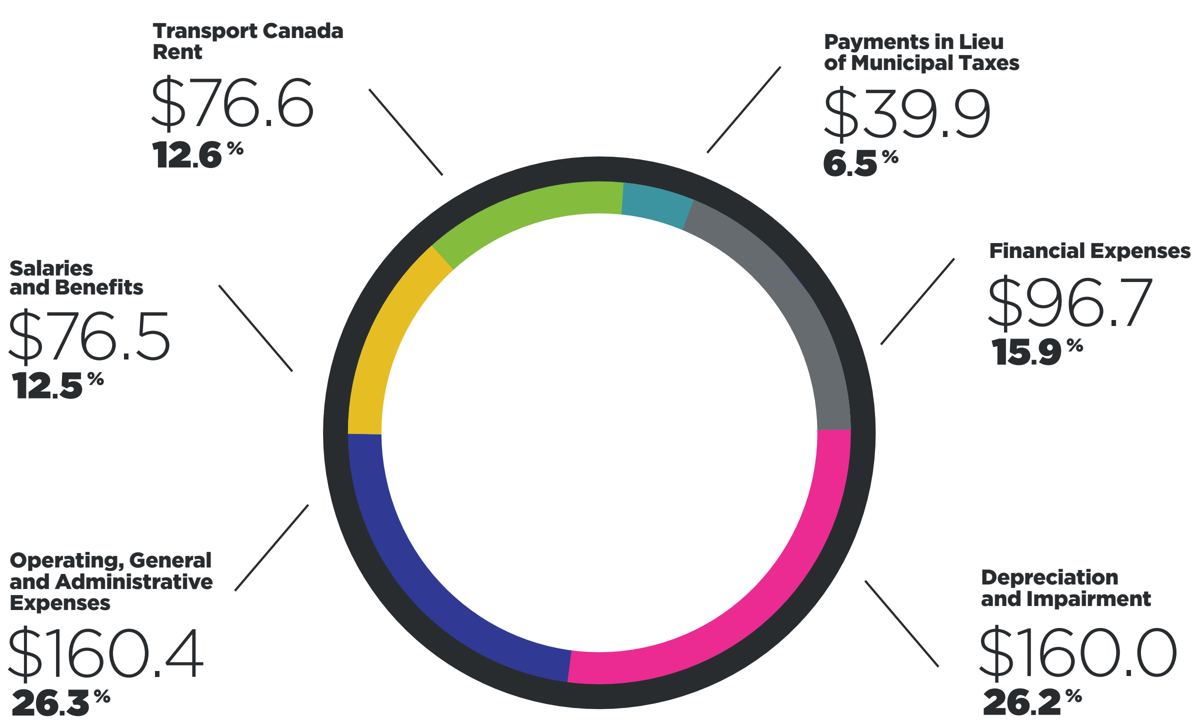
Types of Expenses in Millions of Dollars



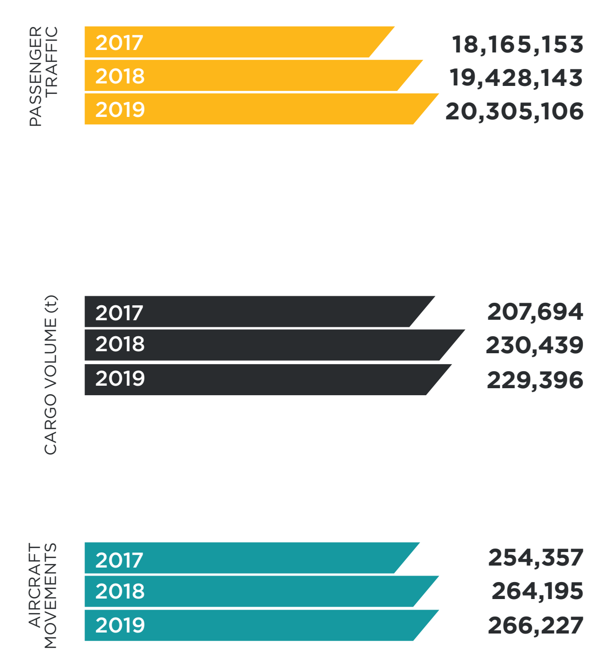
2019 Financial Highlights

Financial Retrospective in Thousands of Dollars

	2019	2018	2017*	2016*	2015*
Revenues	**$707,049**	$645,021	$582,886	$525,283	$486,307
Excess of Revenues Over Expenses	**$97,799**	$68,174	$42,916	$33,922	$17,644
EBITDA	**$353,607**	$322,867	$285,087	$252,314	$230,410
Investments	**$351,706**	$219,803	$229,351	$254,775	$237,378

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

Operations 2017-2019



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An Airport at the Service of Montréal: A Gateway to a World on Edge

When we were writing this review of Aéroports de Montréal's 2019 performance at the end of March 2020, governments across Canada were taking unprecedented measures to protect the population against the COVID-19 pandemic that was sweeping the world. The federal government had closed borders and called on Canadians abroad to return home. Anyone returning from outside of Canada was required to self-isolate for 14 days. ADM had offered its full cooperation to the Public Health Agency of Canada and other federal agencies in charge, as well as to the Government of Québec and the City of Montréal. YUL was designated as one of four airports in the country authorized to receive international travellers, most of them returning Canadians. Around the world, measures to counter the spread of the virus were disrupting all sectors of the economy and resulting in a sharp decline in air traffic.

We are focusing here on 2019, a year that reaffirmed trends that have been observed for a decade, while readily acknowledging that 2020 will be a year of upheaval. The medium- and long-term impacts of the pandemic on the economy, on civil aviation, and on travel habits are impossible to determine at the moment. Nevertheless, this unprecedented situation clearly casts a shadow of uncertainty over our forecasts. Our 2019 report will therefore stick to the facts and avoid making any predictions.

20 Million Passengers and a New Brand Image

In 2019, Montréal-Trudeau airport continued to be bolstered by the strong economic growth of Québec and its metropolis, and by the strategy of its partner, Air Canada, to make YUL an international hub. This strategy is benefitting the entire community since it allows the population of Montréal to enjoy a quality of air service worthy of the world's largest cities. Vienna, Sydney (N.S.), Raleigh, New Orleans and São Paulo were among the destinations added in 2019. In all, 152 direct destinations were offered from YUL by 34 airlines.

By the end of the fiscal year, 20.3 million passengers had passed through our terminal, an increase of 4.5% compared with 2018. Breaking through the 20-million-passenger threshold coincided with the adoption of a new brand image reflecting the symbiotic relationship between Montréal and its international airport. The new logo establishes YUL as the primary designation for Montréal-Trudeau airport locally, internationally, and online.

Improving the Passenger Journey

Several major projects were carried out during the year to respond to growing passenger traffic. The new connection centre was inaugurated, facilitating the journey of transit passengers. The international area was redeveloped with the addition of 16 self-service baggage depots. The restricted area was reconfigured after the screening checkpoint. Operational changes were made to speed up baggage delivery to the various carousels. And a 50% increase in Automated Passport Control (APC) kiosks accelerated the movement of connecting passengers heading to the United States.

On the apron, the increase in traffic and the saturation of enplaning/deplaning facilities resulted in an increase in passengers being transported by bus to remote aircraft parking spots. Their number tripled during the peak summer period.

Strong Operational Performance

This situation did not prevent the organization from achieving very high performance levels. YUL even ranked first among major North American airports in the "Best Turnaround Times - Major Airports" category in 2019. The compiled data showed that approximately 10% of the planes that arrived late at Montréal-Trudeau left on time, making up for lost time thanks to the efficiency of our teams. In fact, the entire airport community excelled in 2019. For the first time ever, YUL obtained four-star certification under the Skytrax rating program, joining the club of the world's best airports. And more recently, Skytrax again recognized YUL with a "Best Airport Staff - North America" award. This recognition offers a small comfort to 13,000 employees who are working so passionately yet whose professional futures seem uncertain at the moment.

Launch of REM Interconnection Work

The cityside development program achieved significant milestones during the year. A ground-breaking ceremony was held in July for the start of construction of the terminal's interconnection station with the REM. This project champions a new vision of sustainable, intermodal transport in Québec by finally offering an environmentally responsible and congestion-free link between the heart of the city and its international airport.

YMX Maintains its Momentum

The brand image renewal initiative also reaffirmed the vocation of YMX International Aerocity of Mirabel, which continues to be transformed into a world-class aerospace hub. In 2019, aircraft manufacturing activities increased sharply. Airbus reiterated its firm commitment to Québec and the region, which will become the European aviation giant's main North American base of operations. In addition, significant investments were made to support the development of cargo activities, which declined slightly in 2019.

Sustainable Development and Community Relations

YUL strengthened its commitment to sustainable development throughout the year. While air transportation has been singled out for its CO_2 emissions, YUL is determined to become an example of an environmentally responsible airport authority in the areas that are under its control, namely ground operations. Our sustainable development plan includes concrete actions in the areas of GHG reduction, waste management, procurement and biodiversity. As part of the latter priority, we announced in 2019 the development of a 19-hectare site with a rich bird life as an ecological park. It will open to the public in 2020.

Our sustainable development priorities led to a broad consultation with our stakeholders during the year, involving nearly 500 people. These exchanges are very valuable and help us to improve the performance of the organization and the quality of community relations.

In this regard, the reality is sometimes counter-intuitive. In 2019, for example, even though passenger traffic continued to increase, the number of aircraft movements (takeoffs and landings) decreased by 1.7%. The launch of a platform of sustainable development indicators on ADM's website now makes it possible to report more transparently on performance in all aspects of sustainable development, including the soundscape, and to communicate new initiatives.

Next Steps in a Time of Uncertainty

While the year 2020 has taken an unexpected and worrisome turn, it is worth recalling one of the principles that has guided ADM in the development of its cityside and airside development projects. Four years ago, we opted for a modular approach and sequenced projects based on changing needs. This approach, adopted in the interest of sound management, will provide us with operational flexibility in the coming months and help us limit the financial impact of events. We thank all ADM employees for their dedication and skills. Thank you as well to all members of the airport community for their collaboration. And we reaffirm our fullest cooperation to the Government of Canada, the Government of Québec, and the City of Montréal.

Philippe Rainville
President and Chief Executive Officer

Danielle Laberge
Chair of the Board

2019 Highlights

1. YUL Gains a 4th Skytrax Star

For the first time, YUL obtained a prestigious 4-star certification under the Skytrax "World Airport Star Rating" program, joining the ranks of other major airports in the world. This fourth star recognizes the major investments made in recent years, the modernization of infrastructures, the achievement of the industry's highest standards, and the efforts of employees to improve the passenger experience, day after day.

2. Kick-Off of Construction of the REM Station

In July, a milestone turning point was reached with the was reached with the kick-off of construction of the future Réseau express métropolitain (REM) station. This structuring project will provide an efficient link between downtown Montréal and its international airport.

3. Preservation of Natural Environments

ADM announced that a 19-hectare site, where more than 150 species of birds and many mammals have made their home, will be developed as an ecological park to preserve this area of high ecological value on the airport grounds. The park, located north of the terminal building in the borough of Saint-Laurent, near the future Technoparc REM station, will open to the public in 2020.

4. 20 Million Passengers

For the very first time, YUL reached a record number of 20 million passengers in a single year. To mark the occasion, a day of festivities was organized for passengers on December 20. Some enjoyed a surprise performance by musicians from the Orchestre Métropolitain de Montréal.

5. New Connections Around the World

Several new air routes were announced at YUL, including Vienna, Sydney (N.S.), Raleigh, New Orleans and São Paulo. A total of 152 direct destinations were offered from YUL in 2019.

6. An Even Stronger Air Traffic Hub

A new facility offering greater processing capacity and improved passenger comfort welcomed its first passengers in December. The new connection centre will receive nearly one million passengers a year and be a gateway to China, Turkey, the Middle East, Japan and North Africa.

7. YMX Positions Itself for the Future

With a view to making the International Aerocity of Mirabel a recognized centre of expertise, ADM announced a $107-million investment to improve and expand Mirabel's logistics activities. The federal government will be contributing $50 million from the National Trade Corridors Fund (NTCF).

New Brand Image Launched

As part of an ambitious development plan for its airport sites, ADM unveiled its new branding platform in May with the goal of transforming Montréal-Trudeau into a world-class "destination brand" and revitalizing the Mirabel site as an international aeronautical business destination. This change is integral to an organizational transformation that has been underway for the past few years. It aims to position and modernize the two airport sites in line with their shared values and ambitions while reflecting their distinct personalities. Here is an overview of the many changes made to the airport sites, now known as YUL Montréal-Trudeau International Airport and YMX International Aerocity of Mirabel, which have mobilized the entire community.

2019
Review of Activities

Airport Operations

Airlines and Air Service

The year 2019 marked an important milestone at YUL, with more than 20 million passengers welcomed in a single year. While demand increased in all of the airport's three business sectors, most of the growth took place internationally.

Air Canada, the main carrier at YUL, continued to enhance its overall service offering in each of the sectors by adding flights to Sydney (N.S.), Raleigh, Bordeaux and São Paulo. It also marked one-year anniversaries for flights to Tokyo, Baltimore, Phoenix, Windsor and London (Ontario).

YUL also welcomed a new carrier, Austrian (Vienna), and benefited from expanded winter season flights provided by InterJet (Cancun and Mexico City) and the extension of Corsair's operations (Paris-Orly). Air Transat also continued to expand its offering and added a direct flight to New Orleans.

In 2019, YUL had a grand total of 152 scheduled and seasonal destinations: 90 international, 30 U.S. and 32 Canadian, served by a total of 35 carriers.

The number of commercial passenger aircraft movements at YUL declined by 1.7% in 2019, while the number of passengers per movement increased for each sector of activity, i.e, domestic, transborder and international.

Passenger Traffic and Movements

In 2019, traffic increased by 4.5% to a total of 20.3 million enplaned/deplaned passengers, almost 900,000 more than in 2018.

YUL's air service offering is continuing to grow and demand is responding well to the increased options available. The improved performance is attributable to new destinations and the enhancement of existing routes. In addition, connecting traffic continues to increase, strengthening Montréal-Trudeau's position as a hub.

These factors all contributed to YUL's good performance and enabled it to stand out from all the major Canadian airports by posting the best performance in 2019.

The domestic sector experienced a slight slowdown in 2019, due in part to the cancellation of WestJet's operations to Québec City and the tightening of Air Canada's supply on the same route. For its part, Air Transat continued to enhance its offering. The sector ended the year up 0.6%.

The Northeast/Central and Southeast segments were the main drivers of growth in the transborder sector in 2019. The addition of direct links to Raleigh (Air Canada) and New Orleans (Air Transat) contributed to the sector's performance, which ended the year with 2.3% growth.

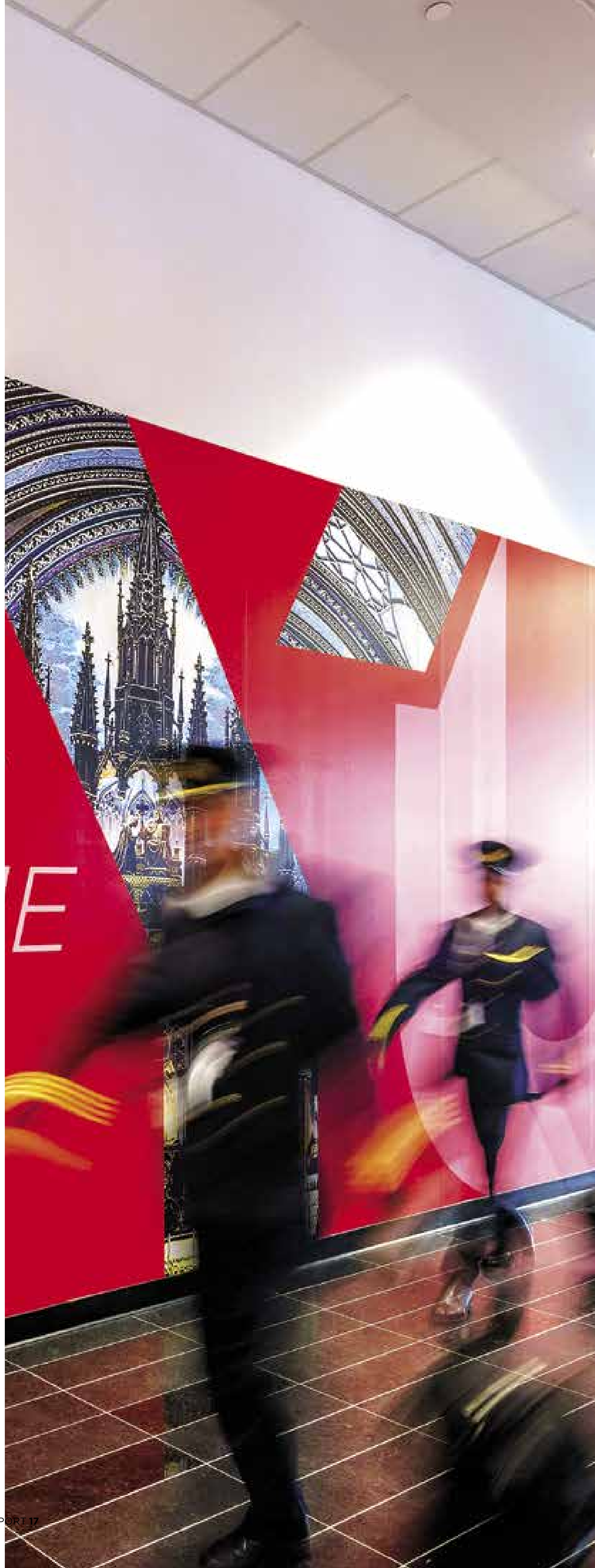
The international sector experienced sustained demand and a significant increase in seat supply resulted in a stable load factor. The arrival of a new carrier, Austrian, and the addition of São Paulo to our destinations were noteworthy. The international segment ended the year up 9.3%.

The international sector's share of YUL traffic continued to grow, standing at 42% compared with 36% for the domestic sector and 22% for the transborder sector. YUL remains the most international of Canada's major airports in terms of the proportion of its total passenger traffic.

The number of commercial passenger aircraft movements at YUL declined by 1.7% in 2019, while the number of passengers per movement increased for each sector of activity, i.e., domestic, transborder and international.

Air Freight

A total of 229,400 tonnes of cargo passed through the YUL and YMX airport sites in 2019, down 0.6% compared with 2018. Of this amount, 126,500 tonnes transited YUL, an increase of 2.7%. Cargo handled at YMX decreased by 4.6%, to 102,900 tonnes. This decrease is attributable to a reduction in cargo transportation by certain partners, among other factors.



Airport Operations

Operations

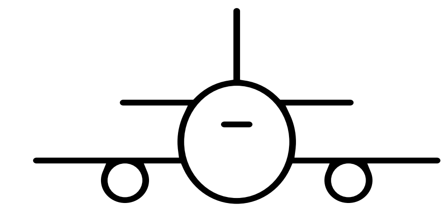
Sustained growth in passenger traffic continued to pose many challenges to the teams responsible for ensuring the efficiency of YUL's operations. Several initiatives were implemented again this year to facilitate passenger travel and maintain flow while ensuring a high level of customer service. More specifically, in the terminal:

- The eastern portion of the check-in area was revamped, with the installation of 16 self-service baggage drop-offs for Air Canada passengers. This technology significantly reduces processing time and enhances the departing traveller's experience.
- A first-ever pilot project on the use of biometrics was launched at YUL in partnership with the World Economic Forum and the governments of the Netherlands and Canada. The initiative aims to create a secure face recognition system that speeds up and facilitates passenger processes, from the airport at origin to destination.
- The process for managing connecting passengers was reviewed and significantly improved with the inauguration of the connection centre. Opened in December, this new state-of-the-art facility simplifies and improves the flow and comfort of transit passengers at YUL. In addition, ADM introduced a new process to speed up international-to-international connections by implementing passenger screening based exclusively on digital passport verification at an automated kiosk at Canada Border Services.
- The restricted area immediately following the checkpoint for domestic and international departures was reconfigured to distinguish between the international area (international flights only) and the mixed departures area (domestic and some international flights). This division of space makes it possible to increase the efficiency of connecting routes to international destinations and consequently to maintain and expand YUL's air service, particularly to high-growth markets.
- The NEXUS process for international arrivals was modernized with new-generation technology to offer faster processing for eligible customers. Biometric identification is now validated using facial recognition rather than iris recognition.
- Operational optimization resulted in a 6% reduction in baggage delivery times at the carousels. Baggage delivered within 45 minutes of aircraft arriving at the gates has improved by 10%, resulting in increased passenger satisfaction and a 70% decrease in the number of complaints.
- Improvements to the process for connections to the United States, combined with a 50% increase in the number of Automated Passport Control (APC) kiosks available on this route, are helping to meet growing demand. Since 2016, traffic growth on this route has grown by an annual rate of between 15% and 20%.
- An on-time performance indicator was added. It measures the punctuality and performance of YUL operations and identifies areas for improvement to provide better service to passengers.

With regards to aircraft traffic management on the apron, the use of remote buses increased by 208% during the summer season. To respond to this growth and ensure better apron traffic management, ADM upgraded domestic and transborder enplaning/deplaning areas and acquired additional passenger transportation equipment, including six electric e.Cobus buses, two mobile stairs, three ambulift platforms, and two Aviramp ramps. The opening of the southwest remote parking lots in the summer of 2019 also made it possible to accommodate more aircraft.

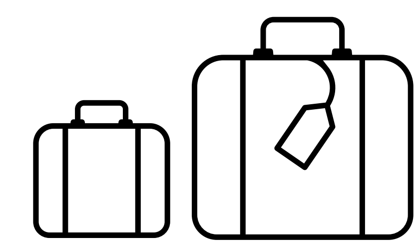
The many improvements made to airport operations each year are contributing positively to the passenger experience. YUL performed very well this year in terms of aircraft ground time, ranking first among North America's major airports in the "Best Turnaround Times – Major Airports" category, according to *North America's Airport Leaders 2019* report. Although only 68.9% of aircraft arrive on time at YUL, 76.8% of flights depart on time, meaning crews are able to catch up on 8% of delays and improve the passenger experience.

Passenger Traffic Growth in 2019



20.3 M

Passengers Enplaned and Deplaned



+900,000

Passengers

4.5% **Increase**

Airport Operations

Airport Patrol

More than 200 members of the Airport Patrol ensure the protection of passengers, staff and airport facilities. Every year, security teams work to develop new initiatives to guarantee the safety and security of the travelling public and users.

In 2019, the Airport Patrol:

- Organized, in collaboration with the Aerocity team, a major emergency exercise at YMX with the objective of validating the emergency measures plan and the coordination of responders during an aircraft crash. This large-scale activity involved more than 30 stakeholders, including several partners such as Nolinor, the City of Mirabel's police and fire departments, the Service préhospitalier Laurentides-Lanaudière, the Sûreté du Québec, the Québec Ministry of Transport, Transport Canada, CISSS Laurentides, CCSLL and Hélibellule.
- Deployed an awareness campaign on road safety for airport staff aimed at improving the driving habits of vehicle users on YUL's traffic lanes.
- Enhanced intervention expertise for highly vulnerable people through a partnership agreement with the YMCA. The YUL airport community can now count on the presence of specialized mental health and homelessness workers in the terminal.
- Participated in an exploratory UAV detection pilot project, which is looking at different ways to facilitate the proactive management of potential situations YUL may face. This one-year agreement will allow for the analysis of UAV operations within three nautical miles of the airport site.
- Implemented a new surveillance camera system in partnership with Siemens and Genetec. The acquisition of this unified platform allows for a smoother passenger flow by creating a safer environment for all.

Technologies and Innovation

The automation of passenger processes, the integration of digital technologies into daily interactions, the upcoming advent of 5G, and the rise of artificial intelligence all offer opportunities to improve the passenger experience and the efficiency of our hub, enabling it to shine as an airport. The new position of Vice President, Technology and Innovation, was created at ADM in 2020 with this in mind.

A five-year contract was awarded to Wipro to ensure the operation and evolution of ADM's technological environments in 2019. Wipro is a multinational IT consulting and systems integration firm with extensive experience in the airport industry. This partnership supports airport operations through an integrated technology service delivery model. It also provides ADM with innovation opportunities by tapping into the pool of emerging technologies being leveraged by Wipro, whether they be in the field of artificial intelligence, cloud computing, analytics or the Internet of Things.

Customer Experience

Initiatives 2019

Over the past year, the passenger journey was extensively revised to improve flow. Numerous initiatives and improvements were put in place to make YUL a benchmark airport that offers a remarkable experience that reflects the unique character of Montréal.

These include:

- Game consoles were installed for young and old passengers who want to have fun before their flight departure. Each restricted area of the terminal has a YUL JEUX entertainment area. These areas offer the opportunity to play the NHL 19 ice hockey game, as well as the FIFA 2019 soccer game. A fun experience guaranteed!
- The creation of a revamped "Frequently Asked Questions" section on the website. More than 425 practical knowledge subjects are covered, providing easy-to-find and rapid answers to the questions most frequently asked by passengers, visitors and employees.
- YUL became one of the first airports in Canada to offer an online chat service. Known as YUL CHAT and accessible through the yul.com and yulsatisfaction.admtl.com websites, this new tool meets real-time communication needs.
- Colouring books and coloured pencils are being distributed free of charge to introduce toddlers to the world of travel. The notebooks were designed by Québec artist Marilou Côté, an illustrator and author of children's books.
- The dogs of the YUL Pet Squad created their own collectible card collection. The cards are given to passengers who meet our volunteers and their dogs. Passengers can learn more about the animals' favourite activities and discover fun facts about each of them.

These efforts, and many others, enabled YUL to obtain for the first time a prestigious 4-star certification under the Skytrax World Airport Star Rating program. In addition, YUL gained four percentage points in the latest Léger 2019 reputation study, which covers more than 300 companies in Québec. This compared with a two percentage point decline in the overall reputation score of the companies. This impressive result moved YUL up 15 places in the overall rankings, making it the number one company in the transportation industry. Finally, the Reputation Institute's study, which measures the reputation of more than 400 of Canada's largest and highest-profile companies, ranked ADM among the top 50 most reputable companies in the country, in 18th position.

Customer Experience

Customer Satisfaction

Passenger satisfaction is at the heart of ADM's priorities. Passenger expectations and needs are constantly changing and this requires the development of innovative solutions to better meet them.

ADM has deployed a new feedback management system, YUL Satisfaction, to improve the passenger experience. This new platform centralizes all the comments received to provide a better overview of passengers' needs and identify what actions are required to improve their journey. This tool complements the yul.com website.

ADM has another vital measurement tool for improving customer service: the quarterly customer satisfaction surveys that are conducted among some 8,000 passengers every year. These surveys include questions on all elements of a passenger's journey, such as parking, signage, checkpoints, commercial offerings, and the overall experience in the restricted area. The measurement scale has seven levels, ranging from "extremely satisfied" to "extremely dissatisfied" to "neither satisfied nor dissatisfied" (neutral).

In 2019, the overall satisfaction of departing passengers was 6.09 out of 7, an increase of 0.25 over the previous year. Passenger satisfaction remained high despite strong growth in traffic and extensive construction work, with 98.2% of passengers responding "extremely satisfied," "very satisfied," or "satisfied" to the overall satisfaction question.

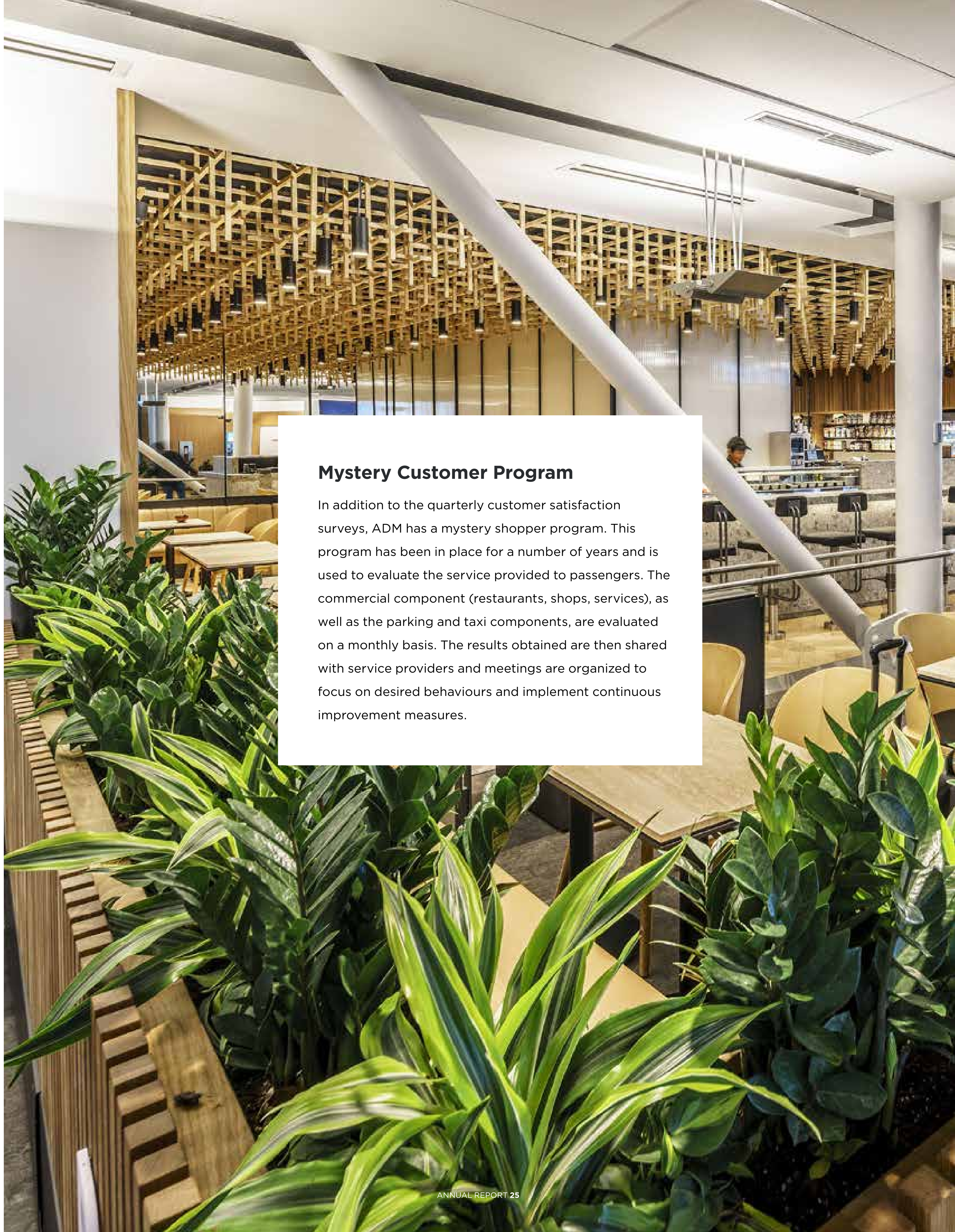
In 2019, the check-in and check-out processes were identified as the most important steps of the passenger journey. In terms of satisfaction, they received a score of 6.27 out of 7 and 6.26 out of 7, respectively, both up from 2018.

Overall satisfaction with the availability of parking was 5.72 out of 7, an increase of 4.4 percentage points over 2018, while satisfaction with the cleanliness of the airport in general increased by 2.7 percentage points over 2018, to 6.24 out of 7.

Customer Satisfaction in 2019

98.2%

of Passengers Satisfied



Mystery Customer Program

In addition to the quarterly customer satisfaction surveys, ADM has a mystery shopper program. This program has been in place for a number of years and is used to evaluate the service provided to passengers. The commercial component (restaurants, shops, services), as well as the parking and taxi components, are evaluated on a monthly basis. The results obtained are then shared with service providers and meetings are organized to focus on desired behaviours and implement continuous improvement measures.

Commercial Services and Real Estate

Commercial Services

The enhancement of the customer experience takes many forms in the terminal. It is also reflected in YUL's various commercial offerings intended to provide passengers with a unique experience.

For the fourth consecutive year, YUL ranked first among Canadian airports in per-passenger revenue for the 12 months ending June 30, 2019. For the past seven years, non-aeronautical revenue has grown at an average rate of 7.5% per year. Commercial revenues linked solely to passenger traffic, such as parking and terminal concession revenues, have grown at an average annual rate of 9.2%. Despite some store closures and relocations, total restaurant sales still grew by 6.3%.

In addition to a 7% increase in sales, The Loop Duty-Free shop, managed by partner Aer Rianta International (North America), was named Best Duty Free Shop at a Canadian airport for the fourth consecutive year during the Frontier Duty Free Association's Gold Standards Awards ceremony.

Initiatives to diversify YUL's commercial offerings include the following:

- The opening of the Desjardins Studio, offering complementary access to the Desjardins caisses for the financial support of YUL employees and travellers.
- The opening of the new UrbanCrave Express store in the restricted zone, opposite Gate 74. Considered to be the "little brother" of the UrbanCrave restaurants already found in the domestic and transborder zones, it offers a varied choice of "on-the-go" dishes, such as sandwiches and wraps, always made from fresh, local ingredients.
- The complete renovation of the Ubar. This restaurant, which opened in 2009, now measures 72 m^2 and can seat nearly 180 people, double its original capacity.
- The refurbishment of the Relay shop in the domestic area and the Maison de la Presse in the transborder area. Lucky Mobile and Chatr also opened this year. These two boutiques offer turnkey solutions that make life easier for passengers looking for mobile options, including all the phone, text and data options they need.

In addition to increasing the efficiency of international connecting routes, the redevelopment of the international zone located after the checkpoint enabled some businesses to enhance their appeal by giving their facilities a makeover:

- The RYU restaurant reopened its doors to YUL passengers in the restricted area near Gate 50. The owners took the opportunity to revise the concept and offer a full-fledged restaurant focused on sushi. It features onsite seating and an attractive terrace.
- Camden Food Co. also reopened its food counter between Gates 50 and 51. This store offers an abundance of healthy choices as well as sandwiches, sweets, pastries and drinks for all tastes.
- The opening of the connection centre allowed for the reconfiguration of the Lolë, Bizou, and ICE Exchange stores, as well as the Balnéa Lounge, which is popular with passengers looking for a little relaxation before their flight.

Parking and Ground Transportation

The intensive use of YUL's parking lots and the start of construction of the future REM station led to improvements and adjustments in our service offering to meet the needs of customers, including:

- The enhancement of the online booking system through a new platform adapted to various types of devices, to create a more user-friendly and optimal navigation experience. Customers can now also create an account that allows them to make a reservation more quickly, manage their future reservations, and access their reservation history. These changes, combined with the various strategies implemented in recent years, boosted online revenues by 28% compared with 2018.
- The addition of personnel from partner Indigo in the parking lots to welcome and support customers during peak periods.
- The upgrading of pedestrian links at the multi-level, HotelParc and EconoParc P5 parking lots to provide better access to the terminal. These links are also designed to enhance safety.
- The introduction of new promotions offering discounts in the short-term parking lot for drivers picking up passengers at international arrivals, reducing congestion on the access lanes. During peak traffic periods, free upgrade promotions were also offered for the multi-level, EconoParc P5, EconoParc P9 and HotelParc parking lots.

ADM is committed to ensuring that a variety of options are available in terms of public and commercial transportation. EVA, a 100% Québec-based coop car-sharing application, was added to the wide range of existing services: taxis, Uber, limousines (without reservations), the 747 bus, car-sharing, car rentals, and private shuttles. A new waiting area for hotel shuttles was also established at Gate 8 on the departures level. Finally, a second drop-off/pick-up area for Uber users was set up for passengers at Gate 21 on the domestic arrivals level and Gate 7 on the departures level.

Commercial Services and Real Estate

Advertising and Sponsorships

In 2019, ADM continued to diversify its revenues and develop its advertising offering. Many choice advertisers were attracted, including Visa, HSBC, Audi, Air Canada and Huawei. Major sponsorships deals were also concluded with Uber, Nintendo, Samsung, Rogers and Tennis Canada, among others.

Real Estate Development

Numerous development opportunities for the YUL and YMX airport sites led to several advantageous agreements being signed in 2019.

YUL Real Estate Development

ADM began preparatory work for the construction of new service centres for Enterprise, Avis and Hertz, three car rental companies offering passenger services. These companies will set up at the new location and free up space in front of the terminal.

A land and building lease agreement was signed with Camions & Remorques H.K. Inc. The company will carry out body repairs for heavy trucks and semi-trailers on a 2,259 m^2 lot and in a 772 m^2 building.

YMX Real Estate Development

The growth in the number of air movements at YMX over the past few years led NAV CANADA to complete its study for the reopening of the control tower. It resumed service in January 2020.

The arrival of Airbus at YMX in 2018 continues to generate positive benefits for the industry. Nearly 2,500 Airbus employees completed the first order for A220 aircraft from our partner Air Canada. The first commercial flight out of YUL took off on January 17.

In 2019, ADM signed a long-term industrial space renewal agreement with Transport Robert, one of North America's leading logistics companies. The presence of this company will support the strong cargo development potential of YMX.

Established at YMX since 2016, Mirajet is now entering its third phase of development. The company has a total of five private and business aircraft hangars available to aviation enthusiasts.

A partnership agreement with Mirabel Investissement Cargo C&F and RAL Holdings LP, a company specializing in the construction and management of industrial and cargo spaces, was signed in January 2019. This agreement will increase ADM's revenues through a percentage of rent paid for space in the Cargo C and Cargo F buildings at YMX.

Finally, the project to transfer industrial land under ADM's management to the City of Mirabel made headway. Canada's Transport Minister emphasized his willingness to continue discussions with Mirabel's major decision-makers. This is an important first step in the process. ADM supports the City of Mirabel's initiative and is prepared to give up part of the industrial land on the airport site; this land cannot be used directly for any purpose related to the aeronautical mission of the Mirabel site.

Airport Infrastructure

Planning

Many studies are required to ensure that the development of the YUL and YMX airport sites is well planned. The team of experts tasked with analyzing future initiatives to deal with the sustained growth of passenger and cargo air traffic must take into account immediate needs, but also anticipate medium-and long-term challenges.

In 2019, infrastructure projects on the cityside received special attention. Preliminary studies continued during the year, particularly those related to passenger and vehicular movements, the design of remote drop-off/pick-up sites and parking lots, and the connection of the network to the airport's new road configuration.

In April 2020, ADM undertook a major cost reduction exercise in response to the unprecedented and unexpected drop in passenger traffic after Canada's borders were closed to stem the pandemic associated with COVID-19. In order to generate maximum cash flow in a context of drastically falling revenues, many development or construction projects were temporarily put on hold, revisited, or stopped altogether. Only those projects that maintain safe and functional facilities, as well as those that are strategically more profitable to complete this year, will continue.

YUL Montréal-Trudeau International Airport

Several projects were undertaken or completed to address the capacity challenge at YUL. For example, in 2019, ADM's construction, architecture and engineering teams:

- Completed the construction of the first phase of the connection centre, representing a $50-million investment, and commissioned it on December 11, 2019.
- Continued work to modernize the domestic and international baggage hall, including the processing of transit baggage. This project will make baggage handling more efficient and meet capacity requirements.
- Continued the major rehabilitation work on Runway 06G-24D and the partial reconstruction of taxiways B1 and B3, as well as the complete reconstruction of taxiway E, in order to transform them into high-speed exit lanes.
- Carried out work on the southwest apron, ensuring it will be in good condition for years to come.
- Increased aircraft parking capacity on the apron to accommodate the growth in air traffic. Work was carried out to convert the eight additional Code C aircraft positions added in 2017 and 2018 into Code E aircraft positions, as necessary.

YMX International Aerocity of Mirabel

In the fall, ADM announced a $107-million investment to improve and expand logistics operations at Mirabel. The federal government will be contributing $50 million through the National Trade Corridors Fund (NTCF), representing a major lever for the development of the airport site. This project has three components: increasing the capacity of the cargo apron with the addition of 13 aircraft parking berths; developing approximately 20,000 m^2 of additional storage space; and revamping the road network. These improvements will help meet the growth in air cargo and supply-chain activities and improve the operational fluidity of all-cargo aircraft.

In March 2020, it was determined that the implementation of this project would be delayed due to the slowdown of activities caused by the global pandemic associated with COVID-19.

There were no specific projects at YMX in 2019 aside from the rehabilitation and maintenance work on airside pavements (aprons, runways, taxiways and waiting bays) continued with investments of $3 million.

Airport Infrastructure

Major Projects

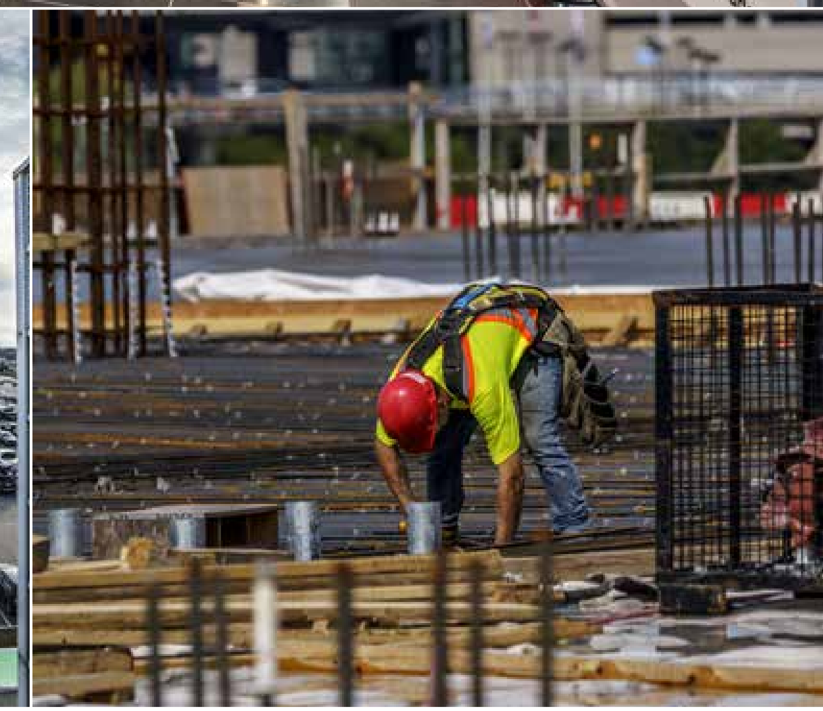
The year 2019 marked the start of construction of the future YUL–Montréal-Trudeau Airport REM station. When the ground-breaking ceremony was held in July 2019, the station was part of a much larger construction project, the cityside development program, which includes rebuilding YUL's multi-level parking lot and drop-off zone, major infrastructures that are at full capacity and reaching the end of their useful life.

In the past year, several actions were taken to carry out this program:

- The signing of the construction management contract for the implementation of the cityside development program with a consortium formed by Pomerleau, SNC-Lavalin and Construction Kiewit Cie (PSK). PSK will act as a key partner and collaborator throughout the work. Its mandate includes managing the design of the program, assessing its constructability, and identifying opportunities to optimize the construction schedule and phasing.
- A dedicated program governance committee was formed to bring world-class technical expertise to ADM's management team.
- Excavation of the access shaft for the future station, 35 metres below the parking garage, began.
- A series of studies was carried out in collaboration with our architectural and engineering design partners to improve certain aspects of the project.
- Consultation meetings were held with various Montréal partners and organizations.
- Work continued on the construction of the P4 parking lot, called Econo Premium, designed to accommodate car rental companies and provide 3,000 sheltered parking spaces. The structure, designed to accommodate the change in vocation, was completed. To ensure a shuttle service in line with sustainable development initiatives, the YUL Econo Premium parking lot will be served by four new Québec-made electric buses.

Infrastructure projects on the cityside will be reassessed as part of efforts to rationalize costs as a result of the COVID-19 health crisis. One priority remains: building the REM station.

Considering the important changes to come compared to the way the project was originally designed, ADM was forced to terminate its contract with PSK in March 2020. ADM and PSK mutually agreed on the termination modalities.



2019 Social Responsibility

Sustainable Development Update

As an airport manager, ADM faces many challenges and is committed to meeting them in accordance with the principles of sustainable development. This issue is central to all of the organization's decisions and actions because sustainable development is an integral part of our corporate mission and a strategic planning driver.

The sustainable development plan includes several sector-based action plans with specific objectives to improve energy efficiency, significantly reduce greenhouse gas emissions, and implement a new water management strategy. It also aims to achieve the ultimate goal of zero waste, meet high standards of responsible procurement, increase employee engagement, promote health and safety among employees, and bring positive benefits for the community.

In 2019, ADM undertook a consultation with internal and external stakeholders to validate its sustainable development challenges. Close to 500 people from different groups and sectors were consulted through a survey, workshops and one-on-one interviews.

A materiality matrix was developed to identify the priorities raised by ADM's internal and external stakeholders. In addition, this exercise revealed, among other things, that ADM is perceived as an organization that manages its sustainable development issues well, and that stakeholders want to be informed about the progress of sustainable development projects and the organization's achievements.

At the same time, many actions were undertaken during the year:

- A communications plan was drawn up for employees, the airport community, partners and the general public in order to better communicate the many initiatives developed each year.
- Objectives were reviewed in preparation for updating the sectoral action plans in 2020.
- A sustainable development indicators platform was launched.

The implementation of this platform, which is accessible on ADM's website, makes it possible to measure performance and provide updates on new initiatives every year.

Environmental Protection

Environmental protection is a concern for all areas of ADM's business. In 2019, efforts continued to limit the environmental footprint of airport operations to the greatest extent possible.

Energy efficiency and reduction of building-related greenhouse gases (GHGs)

- Measures were implemented to revamp the airport's 70 main ventilation systems to reduce energy consumption, improve user comfort, and resolve operating problems. Maintenance teams also optimized heating equipment in the thermal power plant.
- Energy efficiency was improved by making it an integral part of all ADM construction, expansion or modernization projects. In fact, the new connection centre includes an impressively large green wall connected to the ventilation system, thereby maintaining a satisfactory level of humidity in air preheated by a solar wall and reducing energy requirements.

Reduction of Transportation-Related GHGs

- Sustainable mobility was promoted among the airport community and ADM employees by holding bicycle maintenance workshops, organizing bike-to-work days to reward employees who come to work by bike, and participating in Sustainable Mobility Week.
- 10 electric vehicle charging stations were added at YUL, bringing the total number to 56. ESPAR equipment was also installed on 50 heavy vehicles, reducing their fuel consumption by 70% during waiting periods on the airport apron.
- ADM joined the EV 100 initiative, launched in 2017 by the international non-governmental organization The Climate Group, which aims to increase the use of electric vehicles in companies by 2030. ADM is committed to having 100% of its electrifiable fleet become electric by 2030.

Residual Materials

- Efforts to boost the recovery rate of residual materials were significantly increased through training to raise community awareness about waste sorting. In addition, compostable and recyclable material collection was deployed at all YMX buildings, including those of tenants. Finally, ADM continued its residual materials sorting project and the donation of food to Moisson Montréal and Le Chaînon.
- Initiatives to reduce the consumption of residual materials were integrated. Since 2014, aircraft parked at YUL gates have been supplied with air conditioning and heating through hoses, significantly reducing GHG emissions by avoiding the use of auxiliary generators. However, the hoses are fragile and have a short service life due to tears. ADM's teams found a Montréal supplier to repair them and extend their service life.

Greening and Biodiversity

- Efforts continued to "green" airport sites and surrounding communities. Many trees were planted on our grassy lot along Goldfinch Street in Dorval. ADM also contributed financially to planting projects at Gentilly School in Dorval and Jonathan Alternative School in Saint-Laurent.

ADM won the ICI+ Green Project Award at the Gala EnviroLys of the Conseil des entreprises en technologies environnementales du Québec, in recognition of its commitment to environmental protection through the creation of an ecological park. This space will be preserved and developed for the benefit of the entire community, meeting the commitment to protect environments with high ecological value on airport sites.

Responsible Procurement

- ADM's responsible procurement strategy won a Novae 2019 award and was ranked among the 20 best impact projects of the year. This strategy reduces the environmental impacts of construction projects, increases the number of contracts awarded to social economy enterprises, and favours the purchase of clean technology, such as the Ecotuned electric truck. In 2019, ADM called on the expertise of a Drummondville-based company specializing in the manufacture of carpets made entirely of recycled materials. The Axess Group will offer a unique floor solution made from recycled aircraft tires for YUL's future Econo Premium parking lot.

ADM also continued its programs to monitor the quality of storm, sanitary and ground waters as well as measures to maintain harmonious relations with the community.

Soundscape Management

As an airport authority, ADM is responsible for developing a soundscape management plan, establishing the Soundscape Advisory Committee, and dealing with 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 2019, ADM granted 1,103 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, 103 requests for exemptions were denied and 54 files were submitted to Transport Canada for investigation.

Aircraft Movements

In recent years, the number of aircraft movements has remained relatively stable despite a significant increase in the number of passengers. The growth of traffic at YUL, therefore, does not mean a proportional increase in the number of movements.

This is mainly due to the increase in the relative share of international traffic, which involves planes that carry more passengers per movement and have higher load factors. The aircraft are bigger, carry more passengers, and are quieter.

Noise Measurement

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 at admtl.com.

Soundscape Management Plan

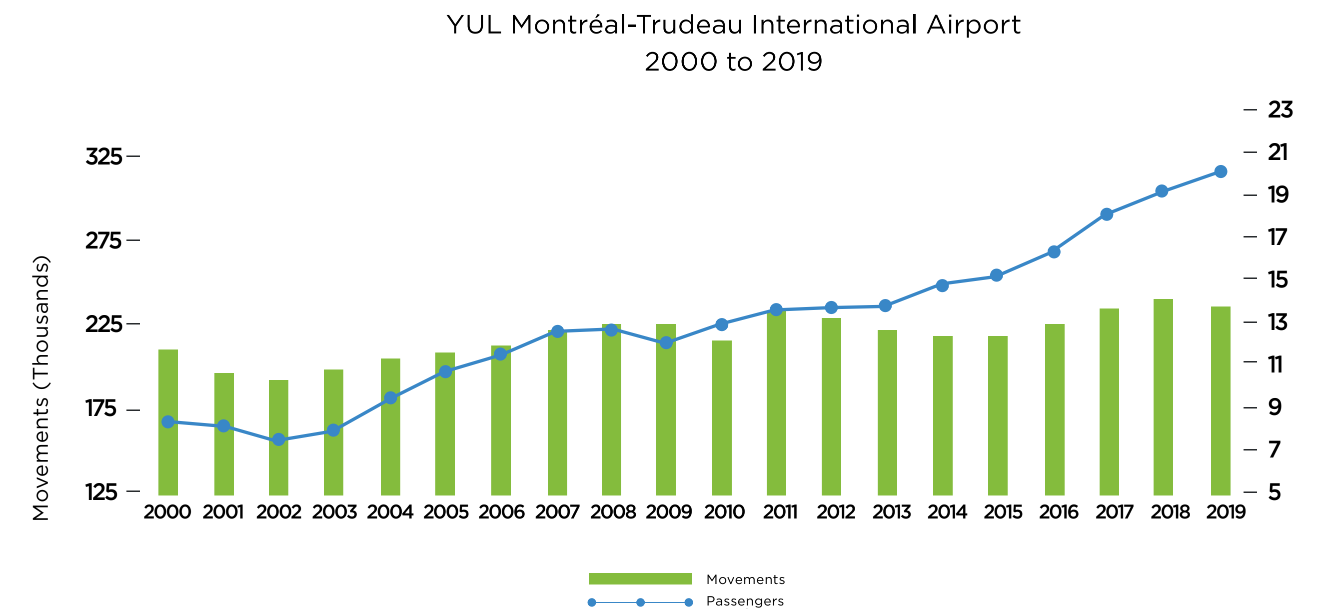
To implement a more effective management approach, ADM has developed an action plan to optimize soundscape management and promote social acceptance of its activities. ADM retained the services of Helios, an expert firm, for support. The best practices of 30 international reference airports were analyzed to establish this action plan.

The 2019-2023 soundscape management action plan features numerous actions in eight categories:

- Night operations
- Quieter fleets
- Noise abatement measures (landing and take-off)
- Noise measurement and soundscape reports
- Complaints management
- Territory planning
- Community relations
- Preferential runways

This plan was presented to the Soundscape Advisory Committee, which provides an effective forum for information exchange, discussions and consultations on any soundscape issue.

The 2019-2023 soundscape management action plan was also presented to elected officials from the cities of Dorval, Pointe-Claire and Ville Mont-Royal and the boroughs of Saint-Laurent, Ahuntsic–Cartierville, Lachine, Rosemont–La Petite-Patrie, Anjou, Mercier–Hochelaga-Maisonneuve, Villeray–Saint-Michel–Parc-Extension and Saint-Léonard.



ADM wanted to receive comments on the action plan from the citizens of communities located near YUL. An online consultation was therefore held from December 2019 to March 2020.

WebTrak, one of the important measures of this plan, has been available online via ADM's website since May 2019. With this tool, citizens can view the paths of aircraft, their altitude, their type, the noise level recorded at noise measurement stations, and submit complaints, if any.

ADM also adopted a Commitment on Complaints Magagement in 2019.

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;
- 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.

Human Resources

The job market, which is still strong in the metropolitan region, is prompting employers to continually review and rethink their approach in order to attract the best talent. ADM is not immune to this trend and, once again this year, the human resources team redoubled its efforts to provide employees with the tools they need to invest passionately in the organization's mission.

To achieve this, several initiatives were taken during the year:

- Various strategies were developed to shift the corporate culture towards a service-oriented culture. In 2019, following the launch of the new brand platform, the corporate values were updated to better reflect the reality of ADM today. These new values were developed to ensure continuity with the old ones. They are now: Reliability - Daring - Collaboration - Openness - Passion.
- Leadership was reviewed to revisit management's skills profile, simplify it, and ensure it is well aligned with ADM's new values.
- The passenger experience hinges on the commitment of ADM employees and the 13,000 employees in the airport community. To become a benchmark airport that offers remarkable experiences that reflect the unique character of Montréal, the Human Resources team worked closely with management and the Customer Experience department to design a cultural transformation plan to create a unified customer experience across YUL.
- A new, more flexible approach was implemented to measure employee engagement and increase it by deploying targeted and evolving action plans. This year's survey found that 79% of employees are highly engaged, a significant increase over the survey conducted in 2017.
- The recruitment module of the modular human resources management system, based on cloud computing technology, was upgraded to increase the talent acquisition team's capacity to adjust to growing client demand.

Talent Management

In 2019, talent management continued to be an organizational priority in order to build the organization's human capacity in a context of strong growth. Coupled with this strong growth, the organization undertook major transformations and deployed various measures to facilitate the management and ownership of change.

Meetings between employees and managers continued to take place to address topics related to talent: value generation, use of natural strengths, and development plans. The performance management process provides for team talent reviews at the end of the year. This step feeds into the workforce planning exercise, enriched by a structured approach to quantitative and qualitative assessment of the skills required in the future. A risk and vulnerability analysis for critical positions was also completed.

Global Health

The Équilibre health program, in place since 2018 for employees, continues to gain momentum. Many new activities and initiatives were introduced and are proving very popular with employees, including physical activity classes in the workplace.

In terms of occupational health and safety, local health and safety committees continued their efforts to maintain a safe workplace that complies with occupational health and safety (OH&S) standards. The desire to ensure a safe environment at all times has prompted ADM and its employees to develop tools to ensure new employees embrace the OH&S culture as soon as they arrive. A corporate video demonstrating the importance of OH&S and highlighting several trades was developed. Claims to CNESST were also down considerably. It should be noted that no incident involving an injury requiring a work stoppage occurred during the last three months of the year.

Labour Relations

In 2019, ADM continued to work on developing and strengthening a collaborative approach to proactively resolve issues. As a result, ADM achieved a level of labour-management collaboration with the union that is manifested in unprecedented and ambitious projects:

- A pilot project made possible by the mutual trust of the parties and employees of the air electromechanical engineers group, who worked together since the summer of 2019 to create semi-autonomous teams. This initiative aims to recognize the professionalism and contribution of this group by granting them the autonomy required to carry out their duties.
- Moreover, while the collective agreement for this bargaining unit expires in March 2020, it was already agreed to begin the renewal process through a brand-new method: "interest-based" bargaining. This approach demonstrates the parties' willingness to pursue open discussions aimed at proactively resolving issues. To become familiar with this approach, the parties participated in joint training on the subject, creating another great opportunity to develop relations.

The collective agreement for the Administrative, Professional and Support Employees unit expired at the end of 2019. The parties have begun the negotiation process and it is ongoing.

The collective agreement for the firefighters unit will expire at the end of 2020.

Overall Compensation

ADM wants to protect itself from the effects that the labour shortage and Montréal road construction could have on its ability to attract and retain talent. Accordingly, it is continuing efforts to update working conditions and enhance innovation. Discussion groups with the various categories of employees were organized to clearly identify the needs and expectations of employees. A working group also examined the mitigation measures that could be put in place to reduce the impacts of the closure of the Deux-Montagnes train line for construction of the REM.

Hiring

A total of 167 positions were filled in 2019. The candidate referral program resulted in 25 hires, representing approximately 15% of the total. At the end of the year, the workforce totalled 720 regular employees. The turnover rate increased from 10.6% in 2018 to 23.2% in 2019. One of the reasons for this increase was a major restructuring completed early in the year, which led to the outsourcing of jobs associated with customer service and the permits office.

Human Resources

Key Human Resources Indicators

Indicators	2019	2018
Regular Employees	720	587
Training (hours)	9,544	10,315
Positions Filled	167	166
Retirements	21	14
Turnover Rate[1]	23.2	10.6
Absenteeism Rate	6.22	6.2
Injury Frequency[2]	2.88	3.0
Severe Injury Rate[3]	106.5	66.9
Incidence Rate[4]	16.3	15.0

1 Turnover rate : Percentage of the workforce 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

A Big Thank-You to All Our Employees

Dominique Charest • Patrick Lebeau • Lyne Michaud • François Lallemant • Sylvie Pagé • Mélanie Beaulieu • Raymond Lecompte • René Simard • Michel Fillion • Bernard Dubé • Josée Piédalue • Gilles Fortin • Yves Després • Michel Léveillée • Gérald Villeneuve • Gilles Marcil • Richard Demers • Daniel St-Pierre • Daniel Gagné • Robert Arcand • Jocelyne Ferland • Line Lanthier • Élie Elhindy • Michel Roy • Christine Meloche • Daniel Cinq-Mars • Joanne Bergeron • Louis Despins • Manon Libersan-Laniel • Pierre Audette • Robert Lefebvre • Pierre Marineau • Pierre Moser • Johanne Nadeau • Pierre Lalonde • Lise Sabourin • Ronald Therrien • Pierre-Yves Roy • Georges Kamran • Patrick Demers André Picard • Donald Campeau • Stéphane Bourassa • Caroline Beaudoin • Paul Fex • Jean Gratton • Jacques Paradis • Sylvain Massicotte • Sylvain Marchand • Yves Charlebois • Jean-François Tanguay • Yvan Bélanger • Michel Giroux • Sylvain Fauteux • Guillaume Dorval • Guylain Fortier • Marie-Hélène Deveau • Hugues Massicotte • Stéphane Rolland • Sylvain Léger • Marie-Josée Germain • Carole Ladouceur • Paul Mongeau • Bruno Gélinas • Luc Fortin • Annie Saccaro • François Villeneuve • Lyne Gilbert • Denis Piché • Philippe-Alexandre Brunet • Stéphane Boudrias • Luc Charbonneau • André Dulude • Michel Legault • Diane Tellier • Daniel Rose • Martin Le Jossec • Marie-Andrée Abraham • Serge Bouchard • Charles Aubé • Steve Jodoin • Yves Cloutier • Donald Desrosiers • Martin Thériault • Mario Contant • Lise Lafleur • Frédéric Guénette • Stéphane Lemay • Alexandra Richard • Dany Bolduc • Yanick Choquette • Luc Renaud • Dominique Piché • Sylvie Charbonneau • Robert Poulin • Julie Desparois • Ferdinando Colavita • Patrizia Marchei • Stevens Castonguay • Yvan Lafontaine • Karl Brochu • Melanie Aussant • Jean-Yves Jacob • Rémi Savoie • Geneviève Meunier • Pierre-Luc Dupré • Joe Lugara • Lise Richard • Serge Lapierre • Louise Duplessis • Joana Panagiotopoulos • Paolo Sbragia • Claude Berger • Christine Touchette • Martin Gagné • Louis Joncas • Marcel Bénard • Daniel Deslongchamps • Sylvain Taillon • Walter Dafoe • Ivan Chouinard • Éric Lalonde • Francis Lapierre • Raymond Plouffe • Nathalie Desrosiers • Jean-Luc Vanier • Julie Boissonneau • Marie-Josée Boyer • Benoît Marcil • Geneviève Lacoste • Daniel Gobeil • Simon Lalande • Yvon Hunter • François Primeau • Jean-Martin Bélisle • Pascal Marsan • Marc-André Turcotte • Jasen Beaulieu • Diane Lussier • Houria Saadallah • Sébastien Champagne • Richard Lafond • Patrice Jalbert • Patrick Gingras • Guy Landry • Guerdy Louis-Jacques • Laurie Talluto • Pascale Bouchard • Joël Dauphinais • Julie Larose • Denis Boucher • Frédérick Campeau • Marc Tétrault • Michel Dupras • Éric Lalonde • Yan Doyon • Patrice Fortin • Gilles Turcotte • Anne Marcotte • Benoît Teste • Étienne Therrien B. • Sébastien Turcot • Josée Dubois • Claude Hurtubise • Yves Guérin • Luc Paulin • Marc-André Chrétien • David-Yoan Denis • Marc-André Allaire • Dany Ouellet • Rémi Perron • Luc Veilleux • Daniel Chamass • Guylaine Thibault • Alex Payer • Yanick Bélisle • Ricardo Mendoza • Marc Vallières • François Dionne • Nathalie Blanchard • Darren Klenk • Cherley Théard • Claude Gauthier • J.A. Denis Leduc • Jean-Sébastien Lord • Yan Lavoie • Benoit Hamelin • Luc Bélanger • Richard Tétreault • René Roy • Sylvain Jutras • Benoit Bissonnette • Guy Champoux • Simon Lafrance-Thibodeau • Pascal St-Onge • Amélie Côté • Denis Arsenault • Martine Lemire • Dominic Landry • Jacques Carlos • Yannick Phaneuf • Renée Lebel • Michel Vertefeuille • Kimberly Ann Bois • Francis Bullaert • Stéphane Picard • Alain Bégin • Patrick Gendreau • Benoît Rochon • Jean-Claude Martel • Yanick Adams • Éric Clément • Gilbert Bouchard • Stéphane Hamel • Michel Crête • Stacy McNevan • Mario Dumouchel • Patrick St-Amand • Fanny Brasseur • Philippe Houle • Ronald Leduc • Ghislain Ouellet • Alejandra Juge Velez • Cynthia Hurteau • Martin Gamache • Lyne Chalifoux • Denis Boucher • Alexander Leonard • Gaétan Brousseau • Jean-Christophe Labruguière • Ginette Benoit • Michel Proulx • Dominique Latraverse • Diane Bourque • Mélanie Sarris • Fabienne Saint-Pierre • Ginette Cyr • Simon Riquier St-Pierre • Pierre Gony • Isabelle Tétrault • Ivett Gorena Klaric • Rock Martin Chapados • Benoit Masson • Alex Bonazzuoli Sébastien Champion • Jonathan Gingras • Stéphane Bélisle • Nathalie St-Aubin • Mario Giroux • Éric Godmer • Sylvain Bélanger • Simon Bélanger • Marcel Bourdeau • Charles Quinn Jr. • Philippe Rainville • Lorraine Fournel • Guy Richer • Nicolas-Fridolin Simard • Dominic Paillé • Jules Lamontagne • Eve-Emmanuelle Brisebois • Julien Girard • Nadia de Champlain • Mostafa Sbait • Niki Elias • Marc-André Côté • Éric Montplaisir • Pierre Boily • Érik Groeneveld Jonathan Ducreux • Amélie Marchand • Karima Bendaoued • Benoit-Patrick Huneault • Martin Brochu • Simon Dazé-Garant • André Courchesne • Alain Brisebois • Hugues Martin • François Dionne • Steve Parenteau • Sidy Doukouré • Philippe Larivière Simon Leblond • Sergio Valente • Caroline Houle • Pierre Élie • Jean Bérubé • Camille Jr Bélisle • Marie-Claude Desgagnés • Abdelouahid Tadimi • Jean-Marc Debon • Kodjo Blagogee • Nasreddine Tissaoui • Jean-Christophe Côté • Philippe Dussault • Luc Bédard • Christian Bergeron • Josée Thibeault • Karine Richard O'Connell • Nathalie Boisvert • Vincent Chartier • Olivier Préfontaine • François-Xavier Hébert • Sylvain Beauvais • Marie-Noelle Côté • Benadad Mentor • Alexandre Jacquaz • Christian Dallaire • Carmen Leduc • Pierre Cusson • Karl Rioux • Pierre St-Denis • Vincent Cormier • Éric Martel • Yanick Lajeunesse • Vincent Beauchamp • Maxime Turgeon • Maxime Clermont • Nicolas Boucher • Myrrha Dubé • Roy Téodoro Landicho • Éric Latreille • Marc-André Bleau • Carlos Sanchez • Caroline Ouellette • Danik Laurence • Anne-Marie Urban • Jonathan Bathurst • Fiona Robertson • Jean-Philippe Guénette • Hélène Bélanger • Francis Labrie • Francois Pellerin • Antoine Faucher • Benjamin Rathé • Jean-Philippe Beaudry • Denis Joly • Marc Peterson • Éric Corbeil • Pierre Beauchamp • Luc Berthiaume • Jonathan Chaloux • Mathieu Hétu • Gérald Aubé • Younes Sarradi • Mathieu Jalbert • Pierre St-Onge • Yajyavalk Canniah • François Gagliardi • Alexandre Bertrand • Philippe Gagnon • Victor Delia • Pierre Lacoste • Johanne Bacha • Martin Cattaneo • Mario Ranellucci • Youri Thonon Perras • Charles Gratton • Lucas Donato • Pierre Beaulieu • Patrick Levert • Pierre-Marc Boulanger • Jean-Francois Larin • Pascal Martin • Sylvain Martel • Richard Parent • Robert Lauzon • Louis-Philip Fafard Mongeau • Sarah Talbot •

Nathalie Dubé • Martine St-Arnaud • Maxime Roy • Mathieu Blais • Lakdar Kamouche • Michel Duval • Marie-Félicité Gignac • Geneviève Rioux • Rawaa Al Rishan • Nancy Price • Tania Major • Aymeric Dussart • Paula Fernandes • Angel Sanabria • Mathieu Choquette • Noemi Lopez • Sylvie Gravel • Michel Chiocchetti • Michèle Verreault • Benoit Lavallée • Frédérick Nadeau • Luka Bessette • Francis Vanier • Ellen Gaudet • Richard Paulin • Olivier Massie • Sabino Tobon Ramos • Danny Lefrançois • Claude Ruel • David Rochon • Marc-Antoine Dawson • Christopher-Élie Honeine • François Cousineau • Liette Ménard • Daniel Kelly • Laurent Martin • Jaison Decelles • Jonathan Marceau • William Renke • Alain-André Perron • Aminata Fofana • Hugues Charbonneau • Christopher Dixon • Angélique Trotel • Mélissa Desroches • Jean-François Aboud • Benoit Poliquin • Dominique Delattre • Michel Poupart • Antonio Petrecca • Alain Klimczak • Sébastien Arnaud • Pascal Genest • Marco Dubé • Alain Morissette • Michel Archambault • Ricardo Gonzalez • Éric Quesnel • Nancy Noël • Anick Poirier • Andreas Klein • Isabelle Grenier • Lee Martin • Alexandre Simard • Any T. Frégeau • Jonathan Fortin • Michel Audet • Karine Blais • Guillaume Dumais • Marylène Martel • Erwin Banno • Jessica Moyaert • Michèle Haddad • Hanen Dhakouani • Marc Robillard • Sebastien Tapp • Catherine Phan • Arthur Boidin • Jérémy Létourneau • Marc-André Geoffrion Bédard • Patrick Witty • Marc-André Therrien • Philippe Martel • Julie Leduc • Pierre-André Lefebvre • Troy Morren • Alexandre Désorcy • Pierre Bellemare • Mathieu Gagnon • Emanuelle Roy-Paradis • Younes Bouda • Mounia Hatimi • Alexandre Brie • Elsa Valérie Duré-Gabriel • Maude Canuel • Yves Gagnier • Édith Lajule • Rim Mansouri • Laurence Cusson • Antoine Charbel • Martine Viau • Jessica Deschênes • William Carrera • Olivier Beauséjour • David Théorêt • Mario Lampron • Bernard Lamothe • Jonathan Blais • Aziz Amezian El Kaddaoui • Jocelyn Pronovost • Guillaume Prud'homme • Sawsan Eid • Gustave Morin • Guylaine Gauthier Mathieu Morin • Carlos Gonzalez • Claudia Caceres • Carl Lajoie • Jean-François Vivier • Fatemah Muhammad • Alexandre Laverdière • James Jean Eldebs • Florent Lebourg • Karim Benani • Marguerite Karteris • Hamed Ben Fredj • Danny Coveney • Farid Loumi • Glaucimery De Oliveira • Philippe Stas • Yves Beausoleil • Simon Latraverse • Samuel Bérard • Daniel Cloutier • Stéphanie Chéhadé • Dominic Cammarata • Benoit Corbeil • Karine Sinclair • Jean-Gabriel Côté • Linda Ledoux • Dominick Ledoux • Paul Durocher • Jean-François Mills • Patrick Genest • Pierre-Marc Séguin • Luc Poirier • Vincent Carrière • Mathieu Bader • Said Azanar • Julie Lauzon • Ginette Maillé • Yvon Boudreault • Christian Côté • Nadji Brassard Tremblay • Pierre Loyer • Julie Moisan • Gabriel Brousseau • Roxanne Deschamps-Jetté • Jean-François Brossoit • Marie-Josée Delorme • Yannick Leroux • Anne-Sophie Hamel-Longtin • Fabienne Rossignol • Stéphane Larin • Laurent Beauregard • Maxime Richard • David Pelletier • Jean-Simon L. Théorêt • Éric Bessette • Guy Robichaud • Nichola Paquette • Jan-Michel Taillefer • Sophie Prégent • Stéphane Bouchard • Francis Larocque • Éric Paquet • Martin Filiatrault • Annie Lacroix • Patrick Goulet • Félix Valois • Achille Clément • Alain Goodhue • Christopher Gervais • Catherine Séguin • Luc Courchesne • Alejandra Ramirez Posso • Dominic Zappitelli • Éric Baillargeon • Laurie Desrochers • Antonio Gallo • Xavier Perro • Cynthia Presseault • Maxime Théroux • Stéphane Lapierre • Jocelyn Parent • Martin Massé • Daniel Beaulieu • Mireille Ntolo • Yanick Leonard • Hicham Zeriouh • Michael Tremblay • Dominic Quesnel • Amel Farsaoui • René Bastien • Isabelle Paradis • François Boudreau • Marie-Christine Sivière • Martin Lamothe • Maxime Lambert • Aleksandra Mikolajska • Julie Dubeau • Pascale Girard • Luc Nadon • Khalid Joumayl • Isabelle Aubé • Xavier Torroella • Claude Lemieux • Alexandre Thériault • Ghislain Riendeau • Ahmed Ghali • Mirna Bakhos • Sebastiano Vasquez • Sylvain Choinière • Philippe Riopel • Jonathan Roy • Erika Shanks • Samantha Venneri • Premendra Soochit • Gabriel Ménard • Richard Smith • Fanny Bédard • Marc-André Majeau • Aimrick Larose • Dominic Robichaud • Éric Meunier • Simon Boulanger • Éric José Guipi Bopala • Zhong Zhao • Raoul Poulin • Stéphanie Moran • Patrice Badeau • Marc-André Doucet-Beauchamp • René Courchesne • Philippe Charron • Yann Goulet-Demers • Samuel Fex • André-Philippe Thibault • Alexandre Ouellet-Hébert • Jonathan Beaudoin • Claude Brisebois • Pascal Daigle • Antoine Lambert • Olivia Nuozzi • Marion Cocquempot • Karl-Harold Mercier • Elizabeth Ménard-Laberge • Ghislain Paré • David Makonnen • Dania El-Aintabli • Frédérique Laquerre • Mark Ruel • Diane Barbussi • Pierre-Marc Drouin • Benoit Lapierre • Ali Allouchi • Florence Delaby • Philippe Frizon • Arean Badri • Christian Bérubé • Justine Destrubé • Pascal Villeneuve • Jonathan Cartier • Bogdan Birza • Julien Charest-Landry • Étienne Séguin-Dupuis • Ariana Rosa Rojas Diaz • Coralie Lebeau-De Marinis • Sabrina Tremblay • Sarah Ouimet • Vincent Rémillard • Serge Topalian • Éric Berry • Andre Villeneuve • Jonathan Beaulne • Isabelle Bérubé • Marc-Olivier Lamothe • Maude Gemme-Lacombe • Kevin Beauchamp • Gregory Kaller • Caroline Salvail • Édith Beaulieu • Anne-Marie Michaud • Viviane Gaudreau • Isabelle Bérard • Seifeldin Khafagy • Yousra Abdelouafi • Hélène Charreyre • Anis Berrada • Jérôme Lavoie • Carlos Gurréonéro • Emmanuelle Hoga • Miryam Said • Sylvain Boucher • Stéphane Mailhot • Marie-France Bouchard • Mathieu Frenette • Vincent Blécourt • Steven Tormey • Louise Savard • Amélie Champagne • Mohamed Ait Lounis • Lisa-Marie Veillette • Pascal Michaud • Rana Nassereddine • Michael L'Heureux • Abirham Sinniah • Dylan Ford • Marc-Antoine Dupéré • Gabriel Verge • Chloé Sanscartier • Claudly Jean-Louis • Patricia Barrette • Sid Ahmed Cherifa • Angelina Barre • Benoit Vigneault • Guillermo Esteban Quesada Ramos • Nicolas Smith • Emmanuelle Lavoie • Jacynthe Proulx • Alex Mallet • Jérémy Ferland • Ben Ibrahim Fofana • Jean-Sébastien Audy • Michel McDuff • Nicolas Rolland • Geneviève Bégin • Stéphane Hébert • Chad-Anthony Trentin • Alex Fafard Aubin • Antonio Polletta • Gilles Blais • Mickaël Deschênes • Sébastien Meese • Félix Laberge • Pasquale Delli Fraine • Fréderic Thériault • Richard Rodgers • Steve Beaulac • Robert Bertrand • Bruno Côté • Robert Daoust • Abdelouadoud Lemri Ouadrhiri

Community

In 2019, the deployment of the new brand image helped reposition YUL as its city's airport and, just like YMX, one that promotes Greater Montréal, participates in its economic development, and contributes to making it a destination of choice. ADM identifies with its metropolis, sees itself as an active member of its community, and is dedicated to maintaining a close relationship with the community. To this end, ADM developed new partnerships and is involved in various social causes.

Partnerships

ADM strengthened its community involvement by:

- Holding the second edition of Civil Aviation Week. ADM contributed to the activities to mark the 75th anniversary of the International Civil Aviation Organization (ICAO), organized by the Chamber of Commerce of Metropolitan Montreal (CCMM) in collaboration with the City of Montréal.
- Strengthening the partnership with the Mirabel Chamber of Commerce and Industry through the organization of an activity bringing together the YMX community and members of the Chamber at the Aerocity.
- Continuing to participate in the activities of Équiterre, the Conseil régional de l'environnement de Montréal, Trajectoire Québec, and Earth Day.
- Renewing agreements with the CCMM, Montréal International, Aéro Montréal, Tourisme Montréal, the Montréal Council on Foreign Relations, the Conseil du patronat du Québec, the Junior Chamber of Commerce of Montréal, the West Island Chamber of Commerce, the Italian Chamber of Commerce and the Saint-Laurent–Mont-Royal Chamber of Commerce.
- Contributing to the holding of events in the city, such as the International Economic Forum of the Americas.
- Being involved in the YUL 375 Ideas Fund, which enables some 15 young entrepreneurs to obtain financing to launch a project. Among the projects funded are The Cup, which is available in more than 300 establishments, including Café Java U and Paramount at YUL.
- Continuing to collaborate with MT Lab, an organization that tests the projects of Québec start-ups in various aspects of operation, notably to enhance the customer experience at YUL.
- Contributing to renowned research programs at the Université du Québec à Montréal (UQAM) to create forums for exchanges and learning.

Community

Montréal in all its Splendour

Since 2017, the "MONTRÉAL" sign on the facade of the airport terminal has been changing according to current events. This year, it displayed the rainbow colours of Pride, the black and white checkered pattern of the Montréal Grand Prix, and the Montréal Canadiens logo to mark the opening of the hockey season. With these changes, ADM is showcasing the city while reflecting its warm and welcoming character. It is also a way to support events and causes dear to Québecers, such as the *Bell Let's Talk* campaign. For the first time, its logo was displayed on YUL's facade thereby giving great visibility to the cause of mental health.

ADM also aims to promote local artists in the terminal through the YULArt program. This year, Montréal illustrator Cécile Gariépy created an imposing mural nearly six metres tall, reminiscent of the city's lively alleyways with its vibrant patterns and colours. The work can be admired by passengers in the YUL transborder zone.

The exhibition *The Montrealer* highlights Montréal's landmark features thanks to the talent of 62 Québec creators who produced artistic and literary works in tribute to the famous covers of *The New Yorker* magazine. It can be viewed in the tunnel space located in the domestic zone. This project was hosted at YUL with the aim of enhancing the experience of the passengers' journey and helping to bring "Montréalitude" to life.

Social Involvement

As ADM strives to focus its efforts on its community, new guidelines for donations and sponsorships are being developed. In 2019, ADM re-evaluated its various social engagements to ensure a greater contribution to the organizations it supports.

ADM has:

- Supported Moisson Laurentides' project "Bâtir pour mieux nourrir," for which $10,000 was donated;
- Joined the Operation Back to School program of the Chamber of Commerce of Metropolitan Montreal, which promotes school perseverance among high school students in the metropolitan region;

- Supported the accessibility and collection program for foreign currency donations, thanks to which close to $30,000 was donated to Kéroul;
- Contributed to the fundraising campaigns for the Théâtre du Nouveau Monde, Christ Church Cathedral and Centraide, to which ADM employees generously contributed a record $304,776;
- Organized the 7th edition of the "Premium Kids" program, in partnership with Air Transat, Autisme Montréal, Giant Steps and the Special Olympics. This unique day enables children with Autism Spectrum Disorders (ASD) or functional limitations to familiarize themselves with the airport process in order to reduce their apprehension about air travel. This year, close to 300 participants were able to experience travelling through an airport, from arrival at the parking lot to boarding a plane and the announcement of on-board security measures;
- Supported its employees involved in many causes, including the Make-A-Wish Foundation's 48-Hour bicycle ride. ADM graciously let the charity event use its Mirabel facilities for a third consecutive year. ADM firefighters participated for the third time in the High Rise Challenge, a sporting feat for which participants raise donations for Muscular Dystrophy Canada. Members of the Airport Patrol also continued to help transport organs between YUL and hospitals;
- Participated in dozens of activities related to education, entrepreneurship and culture.

Finally, in the fall, ADM employees contributed to the revitalization of a storage area at the airport site where construction residues had accumulated over the years. After nearly 400 hours of work, they recovered 90% of the materials and sold them on the recycled metals market. As a result, $120,000 was raised and donated to the United Way. This initiative shows that ADM employees are committed to sustainable development in their daily lives!

2019

Management's Analysis of Financial Results

Management's Discussion and Analysis

of Financial Results for the year ended December 31, 2019

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)	2019	2018[1]	Variance (%)
Revenues	**$707.0**	$645.0	9.6
Operating expenses	**236.9**	214.9	10.2
Payments in lieu of municipal taxes (PILT)	**39.9**	38.4	3.9
Transport Canada rent	**76.6**	69.3	10.5
Depreciation and impairment of property and equipment	**160.0**	151.0	6.0
Financial expenses (net)	**96.7**	103.2	(6.3)
Total expenses	**$610.1**	$576.8	5.8
Excess of revenues over expenses before share in the results of a joint venture and income taxes	**$96.9**	$68.2	42.1
Share in the results of a joint venture	**0.5**	-	-
Income taxes	**0.4**	-	-
Excess of revenues over expenses	**$97.8**	$68.2	43.4
EBITDA	**$353.6**	$322.4	9.7
EBITDA as a % of revenue	**50.0%**	50.0%	-

[1] Restated, see Note 1 (c) of the consolidated financial statements.

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 of property and equipment 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)	2019	2018[1]
Excess of revenues over expenses	**$97.8**	$68.2
Depreciation and impairment of property and equipment	**160.0**	151.0
Financial expenses (net)	**96.7**	103.2
Share in the results of a joint venture	**(0.5)**	-
Income taxes	**(0.4)**	-
EBITDA	**$353.6**	$322.4

[1] Restated, see Note 1 (c) of the consolidated financial statements.

HIGHLIGHTS

EBITDA

EBITDA stood at $353.6 million for the year ended December 31, 2019, outperforming 2018 by $31.2 million or 9.7%. As a percentage of revenue, EBITDA remained stable at 50.0% in 2019.

Investments

ADM's investments totalled $351.7 million in 2019 ($219.8 million in 2018). At YUL, capital projects included namely the:

- Construction of a public parking (EconoParc P4) on Albert-de-Niverville road;
- Rehabilitation of runway 06G-24D and its taxiways;
- Preliminary work and construction of the airport REM station;
- Construction of the permanent connecting flights centre;
- Reconfiguration of the road network in order to access the airport REM station construction site;
- Redesign of the mixed departures zone.

Over the course of 2019, 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)	2019	2018	Variance (%)
Aeronautical activities	**$250.6**	$228.5	9.7
AIF	**236.4**	215.1	9.9
Parkings and ground transportation	**98.5**	92.3	6.7
Concessions	**61.9**	59.9	3.3
Real estate and other	**59.6**	49.2	21.1
Total revenues	**$707.0**	$645.0	9.6

Revenues rose to $707.0 million in 2019, an increase of $62.0 million or 9.6%, compared to 2018.

Aeronautical Activities

Revenues from aeronautical activities totalled $250.6 million in 2019, up $22.1 million, or 9.7%, from 2018. Consisting mainly of landing and general terminal fees paid by airlines, these revenues accounted for 35.4% of total ADM revenues (35.4% in 2018). This increase was largely attributable to growth in passenger traffic and increased air carrier activities as well as to a 2.5% rate hike, partially offset by incentive and promotional programs to ensure the development of Montréal's air service with regards to the variety and quality of destinations.

AIF

AIF revenues totalled $236.4 million in 2019, up $21.3 million or 9.9% compared with 2018. AIF revenues accounted for 33.4% of total ADM revenues (33.4% in 2018) 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 increase in revenue is attributable to the rise of passenger traffic as well as to the rate hike from $25 to $30 per passenger implemented on April 1st, 2018.

Parkings and Ground Transportation

Parking facilities and ground transportation generated $98.5 million in 2019, up $6.2 million or 6.7% from 2018. These revenues accounted for 13.9% of total ADM revenues (14.3% in 2018). This growth was mainly attributable to higher rates as well as to the implementation of a Customer Facility Charge as of February 1st, 2019 to recuperate investment costs related to the development of a new site for car rental companies.

Concessions

Revenues from concessions rose $61.9 million in 2019, up $2.0 million or 3.3% from 2018, and accounted for 8.8% of total ADM revenues (9.3% in 2018). This growth was mainly attributable to passenger traffic growth and to higher rates paid by certain concessions, namely duty-free shops and restaurants.

Real Estate and Other

Revenues from real estate and other sources totalled $59.6 million in 2019, up $10.4 million or 21.1% from 2018, and accounted for 8.5% of total ADM revenues (7.6% in 2018). These revenues are derived mainly from land, building and space leasing, as well as from subsidiaries. The growth over 2019 is mainly attributable to the gain on sale of buildings.

EXPENSES

(in millions of dollars)	2019	2018	Variance (%)
Salaries and benefits	**$76.5**	$77.2	(0.9)
Maintenance and services	**112.4**	92.2	21.9
Goods and utilities	**22.6**	22.7	-
Other operating expenses	**25.4**	22.8	11.4
PILT	**39.9**	38.4	3.9
Transport Canada rent	**76.6**	69.3	10.5
Depreciation and impairment of property and equipment	**160.0**	151.0	6.0
Financial expenses (net)	**96.7**	103.2	(6.3)
Total expenses	**$610.1**	$576.8	5.8

Total expenses stood at $610.1 million in 2019, an increase of $33.3 million, or 5.8% from last year.

Salaries and Benefits

Salaries and benefits decreased slightly from $77.2 million in 2018 to $76.5 million in 2019, a decrease of $0.7 million or 0.9%. This variance was mainly attributable to higher capitalized salaries to investments and to lower pension expense, offset by statutory and headcount increases.

Maintenance and Services

Maintenance and services totalled $112.4 million in 2019, up by $20.2 million or 21.9% compared to 2018. This category of expense includes infrastructure and equipment maintenance costs, externally contracted services, legal and professional fees as well as information technology-related costs. The increase is mainly due to mitigation measures to maintain a high level of service and fluidity for travellers in a context of infrastructure under-capacity, costs related to the transition of the technology operating model, preliminary exploratory studies related to the airside development program, and initiatives designed to enhance competitiveness.

Goods and Utilities

Goods and utilities include materials and supplies required for daily operations and equipment maintenance, fuel, de-icing products, electricity and heating charges. These costs remained stable at $22.6 million in 2019, compared to $22.7 million in 2018.

Other Operating Expenses

Other operating expenses went from $22.8 million in 2018 to $25.4 million in 2019, an increase of $2.6 million or 11.4%. These expenses include AIF collection costs, advertising and promotional costs as well as training and insurance expenses. The rise in this category is mainly attributable to higher AIF collection costs paid to airline companies as a result of higher passenger traffic and of the AIF rate increase since April 1st, 2018.

PILT

PILT increased by $1.5 million or 3.9% to stand at $39.9 million in 2019, mainly due to revised property value estimates for prior periods from Public Services and Procurement Canada.

Transport Canada Rent

Rent to Transport Canada totalled $76.6 million, up $7.3 million or 10.5% from 2018. This increase was directly related to ADM's higher revenues, as rent is calculated as a percentage of the latter.

Transfers to governments include rent paid to Transport Canada and PILT and totalled $116.5 million in 2019, representing 16.5% of total revenues ($107.7 million and 16.7% respectively in 2018).

Depreciation and Impairment of Property and Equipment

Depreciation and impairment of property and equipment totalled $160.0 million in 2019, which represents an increase of $9.0 million or 6.0% from the previous year. This increase was attributable in part to accelerated depreciation of certain assets whose useful life has been reduced due to upcoming work for the cityside development, as well as to projects completed during 2018 and 2019.

Financial Expenses (net)

Financial expenses are presented net of financial income. Financial expenses decreased to $96.7 million in 2019 compared to $103.2 million in 2018, a $6.5 million or 6.3% variance, mainly due to higher capitalized interest to investments.

Excess of Revenues Over Expenses

The year ended December 31, 2019 resulted in an excess of revenues over expenses of $97.8 million compared with $68.2 million for 2018.

FINANCIAL OUTLOOK FOR 2020

On March 11, 2020, the World Health Organization declared that the COVID-19 virus had become a pandemic. This has had, and is expected to continue to have, a negative impact on global air travel demand. As a result, ADM experienced a significant decline in passenger traffic and carrier operations in March and April 2020 compared with 2019 and anticipates sharply lower passenger traffic for the year 2020. This is due to flight and itinerary cancellations and flight bans imposed on airlines as a result of warnings issued and travel restrictions imposed by various government authorities around the world. This considerable drop in business is having a significant negative impact on ADM's operations and revenues, particularly on aeronautical and AIF revenues, as well as those generated by parking, ground transportation and concessions. In addition to the negative impact on the various revenue sources, disruptions have been experienced in supply chains and services outsourced to third parties, as well as labour. Some stakeholders are finding themselves in financial difficulty due to the economic downturn resulting from the pandemic and are requesting that their contracts be renegotiated, or even permanently cancelled, in order to alleviate their financial obligations.

The pandemic has forced ADM to make significant cost reductions and to review and prioritize its capital investment program to ensure that it has the necessary liquidity to meet its financial obligations. In addition, ADM issued $500 million in bonds in April 2020 to finance its general operations and to pursue some of its capital projects, including the design and planning of its major programs.

Despite a difficult environment, the credit rating agencies Moody's and DBRS have confirmed their respective A1 and A (high) credit ratings for ADM's senior secured debt and are maintaining a "stable" outlook. ADM can therefore state that its credit ratings have not been affected to date.

Various governmental bodies are implementing measures to limit this virus outbreak as the situation evolves quickly. ADM is also implementing measures to mitigate the negative repercussions of COVID-19 while maintaining a safe environment for its passengers as well as its employees and partners at the airport.

The pandemic will have direct and indirect effects on ADM's financial performance in 2020. However, management believes that decreased activities will be temporary and that relief measures in place will be sufficient to get through these difficult times. Regular operations will eventually resume once the virus outbreak is contained. ADM is closely monitoring the situation in order to quickly respond to any changes.

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, 2019, namely IFRS 16, Leases. ADM's consolidated financial statements include the retrospective application of this new standard and there was no other impact on ADM's consolidated financial statements. Note 1 (c) of the consolidated financial statements describes new standard IFRS 16 and its impact on 2018.

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, 2020 that will impact ADM's consolidated financial statements.

2019

Governance

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Tenured Professor, Université du Québec à Montréal

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Chair of the Capital Facilities and Environment Committee
Corporate Director

Yves Beauchamp
Director
Chair of the Oversight Committee - Cityside Program
Vice-Principal, Administration and Finance, McGill University

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Partner and Executive Vice-President of the firm of WhiteHaven Securities Inc.

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BDC Advisory Services

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

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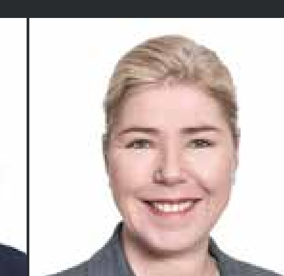
Director
Vice President, Public Affairs and Global Communications, CAE



Mélanie Kau
Director
Chair of the Governance and Human Resources Committee,
Corporate Director

Robert Lefebvre
Director
Corporate Director

Ann MacDonald
Director
Chief Operating Officer, Bone Structure

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

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 is composed of a maximum of fifteen (15) directors, thirteen (13) of whom are appointed by the Board and two (2) by the Government of Canada.

Four (4) nominating entities are called upon to submit, at ADM's request, the names of three (3) 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 (1 position), the Communauté métropolitaine de Montréal (5 positions), the Chamber of Commerce of Metropolitan Montreal (3 positions) and the main carriers operating at YUL (2 positions). The President and Chief Executive Officer is a de facto director of ADM, and the Board may appoint a fifteenth director.

A director's term is a maximum of three (3) years and is renewable on condition that the total duration of mandates entrusted to the director does not exceed nine (9) years or, by derogation to the above, does not exceed twelve (12) years.

The Board of Directors met nine times in 2019. The most important aspects of ADM's strategic plan were addressed by the members. The investments required by the growth of passenger traffic at YUL remain an important issue and continued to receive special attention, as did the approval of ADM's major contracts and the follow-up of the REM project.

Audit Committee

The Audit Committee plays a key role in the sound financial governance of ADM, particularly with regard to monitoring (i) the quality, integrity and communication of financial information; (ii) administrative management, internal controls and internal audits; and (iii) external audits. It assists the Board of Directors and periodically reports to it on the results of the Committee's work, including issues related to financial matters and internal and external audits as well as exercising its responsibilities with regard to pension plans and the fulfillment of related obligations.

Specifically, the Audit Committee reviews and recommends for Board approval the annual budgets and the quarterly and annual financial statements. It reviews cash flow and recommends financing required by ADM. It reviews internal accounting systems and the procedures and effectiveness of financial controls. It oversees the integrity of ADM's financial reporting, compliance with prevailing accounting standards and respect of ADM's obligations under its lease, the regulations and ADM's financing platform. Its other responsibilities include the audit plan, reviewing the results of the external audit, appointing external auditors, management certificates, contract awards requiring Board approval and revenue contracts, as well as policies on delegation of authority and the procurement of goods and services. In addition, the Committee prepares an annual internal audit program, ensures its execution and reviews the report. With respect to pension plans, the Committee assures the establishment and approval of related objectives and strategies, ensures sound governance,

and maintains transparent communications with stakeholders, including the Pension Committee. In doing so, it prepares pension decision-making files and more specifically regarding governance, plan rules, financial management (investments and capitalization) and compliance.

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

Capital Investment Projects and Environmental Committee

The Capital Investment Projects and Environmental Committee supports the Board of Directors, including in the approval and execution of the program and of capital projects and major projects, as well as governance related to information technology.

It monitors ADM's environmental policy and receives reports on major environmental incidents and risks.

It also monitors business risks under its responsibility and submits timely reports on these to the Board of Directors. In particular, the Committee reviews and recommends for adoption by the Board of Directors the capital investment program and projects, and their budget. It oversees budgets of the major capital investment program projects approved by the Board of Directors and regularly reviews their execution and related risks.

The Capital Investment Projects and Environmental Committee also ensures the stability and security of the information and telecommunications services systems used and provided by ADM, as well as the protection of computer assets and data.

In environmental matters, the Committee receives an accounting of ADM's environmental policy. It receives a report on major environmental incidents, approves appropriate corrective actions through the recommendations of management or experts retained for this purpose, as appropriate, and ensures the implementation of follow-ups and/or corrective measures recommended by ADM's management.

The Capital Investment Projects and Environmental Committee members are Suzanne Rancourt (Chair), Yves Beauchamp, Hélène V. Gagnon, Robert Lefebvre and Ann MacDonald.

Governance

Governance and Human Resources Committee

The Governance and Human Resources Committee assists the Board of Directors in matters involving governance, ethics and relations between ADM and the community, stakeholders and political authorities. It examines, approves and recommends, as required, the adoption of policies, practices and programs relating to human resources management and succession planning.

Specifically, the Committee assists ADM's Board of Directors and periodically reports 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, communication and consultation with nominating bodies, compensation of directors, the code of ethics and whistleblower policy for fraudulent activities; (ii) communications and public affairs, ensuring that these policies and strategies are suitable for maintaining ADM's credibility and reputation among 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 Governance and Human Resources Committee is comprised of the following directors: Mélanie Kau (Chair), Michel Brunet, Yves Dufresne and Louise Roy.

Oversight Committee – Cityside Program

The Board's Oversight Committee – Cityside Program is a joint committee composed of two ADM directors and two experts. Its role is to oversee the cityside program, to ensure timely and informed decision-making, and to approve the different phases of the program according to its delegated authority. It also acts as a strategic advisor to the management of the cityside program and provides advice and perspectives based on its expertise.

The Committee is responsible for the oversight and proper conduct of the cityside program and its projects. It acts on behalf of, and is accountable to, the Board of Directors. It ensures a rigorous and diligent monitoring of the risks of the cityside program and its projects.

The members of the Monitoring Committee – Cityside Program are: Yves Beauchamp (Chair and internal member), Robert Lefebvre (internal member), Alain Bonnot (member and outside expert), and Marc Rivard (member and outside expert).

In July 2019, Normand Legault, who had been Chair of the Board of Directors since September 16, 2015, stepped down. He had completed his third term as a director, the maximum number of years allowed under the governance rules in effect. Danielle Laberge, a director of ADM for eight years and Vice-Chair of the Board of Directors since the fall of 2018, was elected Chair of the Board.

Seven new directors were also appointed in 2019 to replace members whose terms had expired.

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 Article 9 of ADM's administrative by-laws. The Committee is comprised of members from organizations that share an interest in airport development issues 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 2019, the Community Advisory Committee met three times and addressed ADM's main challenges. Specifically, the Committee reviewed investments made in response to growing passenger traffic and continued to review progress on road access at Montréal-Trudeau airport and to examine ADM's major capital projects.

Members of the Community Advisory Committee - 2019

Eve Paré, President and CEO, Hotel Association of Greater Montréal (Chair of the Community Advisory Committee);

François Alepin, Club des professionnels du transport Québec;

Paul Arseneault, holder of the Transat Chair in Tourism; Director of the Tourism Intelligence Network; Vice President Innovation, MT Lab); Professor, Marketing Department, ESG UQAM;

Pierre Bellerose, Senior Strategic Advisor, Tourisme Montréal, Chair of the Board, Mt Lab incubator, Chair of the Board of the MT Lab incubator;

Suzanne Benoît, President and Chief Executive Officer, Aéro Montréal;

Ghislain Bilodeau, Senior Vice President - Director, Island of Montréal, FADOQ;

Mario Boily, Director General, City of Mirabel;

Hubert Bolduc, President of Investissement Québec International;

Robert Bourbeau, General Manager, City of Dorval;

Geneviève Brault-Sabourin, Director General, Mirabel Chamber of Commerce and Industry;

Cameron Charlebois, Executive Director, Office of Campus Development and Planning, McGill University;

France Dionne, Executive Director, Institut de tourisme et d'hôtellerie du Québec;

Yves-Thomas Dorval, President and Chief Executive Officer, Conseil du patronat du Québec;

Véronique Doucet, Director of the Economic Development Department, City of Montréal;

Joseph Huza, President–Executive Director, West Island Chamber of Commerce;

André Leclerc, General Magager, Kéroul;

Denis Leclerc, President-CEO, Écotech;

Michelle LLambias Meunier, Vice President, Public and Corporate Affairs, Chamber of Commerce of Metropolitan Montréal;

Selena Lu, Chair, Junior Chamber of Commerce of Montréal;

Robert Mercure, President-CEO, Palais des congrès de Montréal;

Catherine Morency, Holder of Mobility Chair, Polytechnique Montréal;

Thomas Mulcair, Chair, Earth Day (Québec);

François Pépin, President, Trajectoire Québec;

Véronique Proulx, President-CEO, Québec Manufacturers and Exporters;

Martin Roy, President–Executive Director, Regroupement des événements majeurs internationaux;

Sylvie Séguin, Director–General, Chamber of Commerce and Industry of Saint-Laurent–Mount Royal;

Pierre Tremblay, eng., Deputy General Manager, Québec Road Builders and Heavy Construction Association

Governance

Compensation of Directors in 2019

	Attendance, Board of Directors	Attendance, Audit Committee	Attendance, Capital Investment Projects and Environmental Committee	Attendance, Governance and Human Resources Committee	Attendance, Special Committee – Cityside Program	Retainers	Fees	Total
Yves Beauchamp[1]	4		2		2	$17,917	$16,000	$33,917
Jean-Jacques Bourgeault	6	4				$26,250	$14,250	$40,500
Marc G. Bruneau	10	6				$35,000	$23,250	$58,250
Michel A. Brunet [2]	4			3		$11,667	$10,500	$22,167
Alain Côté[3]	5	2				$20,834	$9,750	$30,584
Jean-Pierre Desrosiers	9	6				$41,248	$21,750	$62,998
José P. Dorais	5			4		$20,417	$13,500	$33,917
Yves Dufresne[4]	4			3		$11,667	$10,500	$22,167
Yves Filion	8	2	4			$35,000	$21,000	$56,000
Hélène V. Gagnon	10		2	3		$42,500	$23,250	$65,750
Mélanie Kau	10			7		$38,334	$24,750	$63,084
Danielle Laberge Chair of the Board	10	6	2	3	1	$107,500	$12,000	$119,500
Robert Lefebvre	10		6		7	$55,000	$47,750	$102,750
Normand Legault	5	3	3	4		$116,667	---	$116,667
Ann MacDonald[5]	5		2			$17,500	$9,750	$27,250
Mario Messier	6		4			$26,250	$14,250	$40,500
Marie-Hélène Nolet[6]	7	2				$20,417	$12,750	$33,167
Danielle Poudrette	9		6			$41,248	$21,750	$62,998
Philippe Rainville	10	6	6	7	6	---	---	---
Suzanne Rancourt	10		6			$38,333	$23,250	$61,583
Louise Roy [7]	2			1		$5,832	$4,500	$10,332
Total						**$729,581**	**$334,500**	**$1,064,081**

1 Start of mandate of Yves Beauchamp: September 19, 2019 **2** Start of mandate of Michel A. Brunet: September 19, 2019
3 Start of mandate of Alain Côté: July 25, 2019 **4** Start of mandate of Yves Dufresne: September 19, 2019 **5** Start of mandate of Ann MacDonald: July 25, 2019
6 Start of mandate of Marie-Hélène Nolet: June 20, 2019 **7** Start of mandate of Louise Roy: November 30, 2019

Executive Compensation

The annual salaries of the President and the other members of the Management Committee range from $180,000 to $450,000. In addition, an amount of $2.507 million was paid as performance bonuses.

Directors who are board members of a "reporting issuer":
Mélanie Kau, Alimentation Couche-Tard Inc.; Suzanne Rancourt, WSP Global Inc.; Alain Côté, Goodfellow inc.

2019 Management Committee

Management Committee Members

Philippe Rainville, President and CEO, **Joanne Bergeron**, Vice President, Human Resources and Vice President Sustainability, **Sylvain Choinière**, Vice President, Legal Affairs and Corporate Secretary, **Aymeric Dussart**, Vice President, Technology and Innovation, **Charles A Gratton**, Vice President, Commercial Services and Real Estate Development, **Stéphane Lapierre**, Vice President, Airport Operations and Air Services Development, **Ginette Maillé**, Vice President, Finance and Administration, and Chief Financial Officer, **Martin Massé**, President, Public Affairs.

2020-2024 Strategic Review

On March 11, 2020, the World Health Organization (WHO) declared the international health crisis associated with COVID-19 to be a "pandemic."

Around the world, governments put in place extraordinary measures to limit the spread of the virus. In Canada, border closures forced, among other things, airlines to gradually reduce their air operations across the country and, therefore, at YUL. These measures are having a considerable impact on ADM's operations and revenues. The pandemic will have direct and indirect effects on ADM's financial performance, which will lead to unprecedented measures to combine three new priorities:

1. Minimizing the spread of the virus;
2. Adapting the level of service offered to reflect the drastic drop in passenger traffic;
3. Reducing our costs to ensure maximum cash flow.

Given this exceptional situation, which is changing from day to day, the 2020-2024 strategic review – through which ADM expressed its willingness to "grow successfully" by gradually adapting YUL's capacity to the increase in passenger numbers – will need to be considerably revised. While the teams are busy reviewing the various scenarios and projections, one thing is certain: a significant drop in revenues and passenger traffic is expected for the year, which will severely disrupt the roadmap and investment program set out in the organization's strategic planning, which began in 2018.

It should be noted that this is a situation that has no historical precedence. The airline industry remains a model of resilience and Montréal-Trudeau Airport will be ready to resume flights and normal operations as soon as possible.

Transparency

Accountability

Aéroports de Montréal has a policy of holding itself accountable to the community, of practicing transparency in its relationships with its customers and stakeholders, and of communicating openly with the public. ADM reports on its administration in various ways, including the following:

- 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 bond holders and the bank syndicates.

Every year, ADM appears before the city or borough councils of neighbouring communities, including Dorval, Pointe–Claire and Saint–Laurent.

Consultation

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

Airport Soundscape Advisory Committee
Composed of 15 members appointed respectively by the City of Montréal (1), the cities of Dorval and Pointe–Claire, and the borough of Saint–Laurent (1 each), Transport Canada (1), the Government of Québec (1), NAV CANADA (1), air carriers (3) and Aéroports de Montréal (5), this committee holds regular meetings 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 may contact Aéroports de Montréal representatives and access information on ADM's activities by:

- Visiting the Aéroports de Montréal website at admtl.com;
- Calling the general information numbers (514-633-3333 or 1-800-465-1213);
- Completing a comment card available at different points in the terminal;
- The travelling public can also share comments, questions or suggestions by phone (514-633-3351), fax (514-394-7356) or email (yulclientele@admtl.com);
- Writing to the Public Affairs Department.

Aéroports de Montréal conducts surveys on a continual basis to ensure that airport services adequately meet customer expectations. Close to 2,300 passengers are interviewed each quarter on various aspects of customer service.

Reporting of Contacts 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
$1,000,000	Nachurs Alpine Solutions	Supply of sodium formate in case of emergency	A
$1,100,000	Wipro Limited Canada	Software services for research, monitoring and analysis of machine data ("big data")	A
$1,900,000	Les Constructions Serbec	Redevelopment of administrative offices	A
$1,998,361	Aero Mag 2000	Construction of a second glycol interception tank	A
$3,400,000	Les Constructions Serbec	Work relating to the review of the mixed departures zone (Lot 1)	A
$4,309,149	Roxboro Excavation	Relocation of boarding bridge 72	A
$1,030,000	Precise ParkLink	Parking lot equipment	B
$1,191,950	United Rotary Brush Corporation	Acquisition of runway brushes	B
$1,600,000	Eurovia Québec Construction	Pavement rehabilitation – 2019 work	B

Contracts of Less than $1 Million:

Reason for Exemption A – Company (contract)

Cummins East Canada (purchase of an automatic transfer inverter); Décor au vent (fabrication and installation of an aluminum structure and vinyl tensioned canvas); Lavi Industries (purchase of interior space dividers); Systèmes Urbains (survey of electrical and telecom manholes); Les Entreprises Serbec (addition of PIK terminals and related work); Engie Services (supply of mechanical equipment, uDrop and baggage storage shelves); C.A.L. Construction (fit-up of office space); Martin & Levesque (firefighter's clothing); CMS General Contractors (relocation of aqueduct and addition of valves); Bell Canada (purchase of Data Domain equipment and professional services); Warwick Salt (purchase of sodium formate); UMAknow Solution (management of complaints and comments); Orama Marketing (Customer-ASQ surveys); Opsis (management of international and US carousels); Preco-MSE (piles and armouring); Enseignes Dominion (manufacture of signs and street furniture); Precise ParkLink (purchase of parking equipment); Autocar Chartrand (shuttle buses for parking); Materna Information & Communications Norway (installation of baggage tag printing terminals); Vision Box (biometric boarding pilot project).

Reason for Exemption B – Company (contract)

Alstef Canada (addition of ITPC capacity); ADB SafeGate (addition and replacement of VDGS guidance units, purchase of runway lights and accessories); Citadelle Garage Doors (purchase of garage doors); Jaquith Industries (supply of light box components); Régulvar (parking control, air conditioning and heating); Gastier MP (installation of eGSE chargers); Patlon Aircraft Industries (acquisition and installation of PCAs); Chauntry Limited (online parking reservation); Oxilio Solutions (radio communications recording); Bell Canada/ Bell Mobility (Ethernet interworking, acquisition of Data Domain equipment and SUP maps, professional services, antenna distribution system and headend); Geomatik Group (surveying services); Maintenance McGill (washing of glass surfaces); Valmont Structures (relocation of boarding bridge 72); Synergie Électrique (electrical contractor); Bédard Ressources (health inspections, YUL Satisfaction chat platform); Arinc International of Canada (purchase of CUPPS equipment and APC kiosks); Vancouver Airport Authority (purchase of APC kiosks, PIK terminals); Honeywell Limited (EBI software update); Wipro Limited Canada (transition professional services); Vio Numérique (social media management); Siemens Canada (purchase of surveillance cameras); Kin&Co (customer experience coaching service); Cobus Industries (purchase of Cobus 3000 buses); Aviramp (purchase of mobile ramps); TLD America Corporation, Air Canada, Palon, Keith Consolidated (purchase of equipment for Porter's operations).

2019 Consolidated Financial Statements

Year ended December 31, 2019

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 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 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 Committee.

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President and Chief Executive Officer

PHILIPPE RAINVILLE, CPA, CA

Vice President, Finance and Administration
and Chief Financial Officer

GINETTE MAILLÉ, CPA, CA

March 19, 2020

FINANCIAL STATEMENTS

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, 2019;

• the consolidated statement of comprehensive income 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, 2019, 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 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.

Emphasis of Matter – Prospective Change in Accounting Policy

We draw attention to Note 1(c) to the financial statements which indicates that the Entity has changed its accounting policy for leases and has applied that change prospectively.

Our opinion is not modified in respect of this matter.

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.

Consolidated Financial Statements

Year ended December 31, 2019

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.

KPMG LLP

Montréal, Canada

March 19, 2020

Consolidated Statement of Net Assets

December 31, 2019, with comparative information for 2018
(In thousands of Canadian dollars)

	Note	**December 31, 2019**	December 31, 2018 (note 1(c))	January 1st, 2018 (note 1(c))
ASSETS				
Current				
Cash and cash equivalents		**$ 117,962**	$ 193,759	$ 193,125
Restricted cash	2	**55,880**	55,492	54,978
Trade and other receivables	3	**47,840**	34,358	36,956
Inventories		**6,544**	6,525	6,252
		228,226	290,134	291,311
Non-current				
Property and equipment	4	**2,373,990**	2,182,200	2,110,982
Right-of-use assets	5	**19,245**	16,426	15,765
Receivables		**33,212**	1,729	19,138
Investment in a joint venture	6	**5,909**	-	-
Other assets		**30,796**	28,439	25,733
		2,463,152	2,228,794	2,171,618
		$ 2,691,378	$ 2,518,928	$ 2,462,929
LIABILITIES				
Current				
Trade and other payables		**217,021**	163,938	165,442
Current portions of long-term bonds and lease liabilities	7, 9	**16,084**	13,821	11,970
Provisions	10	**11,050**	8,931	9,587
Other employee liabilities	11	**12,874**	13,771	12,153
Deferred revenue		**1,416**	3,741	4,321
		258,445	204,202	203,473
Non-current				
Long-term bonds	9	**1 986,886**	1,999,949	2,011,424
Finance lease liabilities	7	**24,067**	21,398	20,330
Pension benefit liability	11	**36,493**	28,298	31,244
Deferred revenue		**45,497**	46,054	51,715
Deferred tax liabilities	12	**177**	-	-
		2,093,120	2,095,699	2,114,713
Commitments	18			
NET ASSETS				
Net assets of the Corporation		**339,813**	219,027	144,743
		$ 2,691,378	$ 2,518,928	$ 2,462,929

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board of Directors, these consolidated financial statements have been approved on March 19, 2020.

DANIELLE LABERGE, Director

ALAIN CÔTÉ, Director

Consolidated Statement of Comprehensive Income (Loss)

Year ended December 31, 2019, with comparative information for 2018
(In thousands of Canadian dollars)

	Note	2019	2018
			(note 1 (c))
REVENUES			
Aeronautical activities		**$ 250,625**	$ 228,494
Airport improvement fees ("AIF")	14	**236,438**	215,081
Parkings and ground transportation		**98,514**	92,290
Concessions		**61,878**	59,884
Real estate		**51,082**	47,328
Other income		**8,512**	1,944
	13	**707,049**	645,021
EXPENSES			
Salaries and benefits	11	**76,501**	77,169
Maintenance and services		**112,445**	92,166
Goods and utilities		**22,612**	22,669
AIF collection costs		**9,640**	8,770
Other operating expenses		**15,716**	14,210
Payments in lieu of municipal taxes		**39,870**	38,366
Transport Canada rent	7	**76,658**	69,307
Depreciation of property and equipment and right-of-use assets		**160,021**	148,251
Impairment of property and equipment		**18**	2 708
		513,481	473,616
Financial expenses	13	**102,017**	107,317
Financial income	13	**(5,292)**	(4,086)
		96,725	103,231
		610,206	576,847
Excess of revenues over expenses before equity pickup and income taxes		**96,843**	68,174
Share in the results of a joint venture		**558**	-
Income taxes	12	**398**	-
EXCESS OF REVENUES OVER EXPENSES		**$ 97,799**	$ 68,174
Other comprehensive gain (loss)			
Items that will never be reclassified subsequently to excess of revenues over expenses			
Pension and other employee obligations			
Actuarial gains (losses) of defined benefit pension plans		**$ (5,582)**	$ 5,024
Items that are or may be reclassified to excess of revenues over expenses			
Cash flow hedges			
Reclassification to excess of revenues over expenses	13	**1,086**	1,086
		(4,496)	6,110
COMPREHENSIVE INCOME		**$ 93,303**	$ 74,284

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018
(In thousands of Canadian dollars)

	Note	2019	2018
Balance, beginning of year			
Balance, as previously reported		**$ 219,027**	$ 144,852
Change in accounting policies	1(c)	**27,483**	(109)
Balance, as restated		**246,510**	144,743
Excess of revenues over expenses		**97,799**	68,174
Other comprehensive gain (loss)		**(4,496)**	6,110
Balance, end of year		**$ 339,813**	$ 219,027

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018
(In thousands of Canadian dollars)

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses		**$ 97,799**	$ 68,174
Non-cash items:			
Income taxes		**(398)**	-
Share in the results of a joint venture		**(558)**	-
Gain on subleases		**(3,555)**	-
Depreciation of property and equipment and of right-of-use assets		**160,021**	148,251
Impairment of property and equipment		**18**	2,708
Amortization of lease incentives		**884**	1,800
Change in deferred revenue		**(7,985)**	(6,241)
Transport Canada rent	7	**474**	277
Employee pension benefit expense		**9,846**	10,578
Financial expenses		**101,963**	107,317
Financial income		**(5,292)**	(3,950)
		353,217	328,914
Contributions to the pension plan		**(7,233)**	(8,500)
Changes in working capital items	15	**(18,734)**	12,114
		327,250	332,528
CASH FLOWS USED IN FINANCING ACTIVITIES			
Repayment of long-term bonds and of lease liabilities		**(14,024)**	(11,990)
Restricted cash		**(388)**	(514)
Deferred rent		**5,103**	-
Interest paid		**(110,280)**	(110,832)
		(119,589)	(123,336)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investment in a joint venture		**(5,404)**	-
Other non-current assets		**(481)**	408
Acquisition of property and equipment		**(283,293)**	(213,625)
Proceeds on disposal of property and equipment		**293**	10
Proceeds from finance lease receivable		**(8)**	-
Interest received		**5,435**	4,649
		(283,458)	(208,558)
Net increase (decrease) in cash and cash equivalents		**(75,797)**	634
Cash and cash equivalents, beginning of year		**193,759**	193,125
CASH AND CASH EQUIVALENTS, END OF YEAR		**$ 117,962**	$ 193,759

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year ended December 31, 2019
(In thousands of Canadian dollars)

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 our teams;
- Offer a remarkable, safe and efficient experience while ensuring sustainable development and the enhancement of our facilities;
- Contribute to the prosperity of our 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, 2019. Certain comparative information have been reclassified to conform to current-year presentation.

The consolidated financial statements were authorized for issue by the Board of Directors on March 19, 2020.

(B) 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 is 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.

Notes to Consolidated Financial Statements

Year ended December 31, 2019
(In thousands of Canadian dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(C) Changes In Accounting Policies

Certain new standards, amendments to and interpretations of existing standards have been published and have been effective since January 1, 2019. Changes in accounting policies and their impact on the consolidated financial statements of the Corporation are as follows:

IAS 19, Employee Benefits

The IASB issued amendments to IAS 19, Employee Benefits to modify the guidance in connection with defined benefit plans and accounting for plan amendments, settlements or curtailments. The amendments were effective on January 1, 2019 and did not have an impact on the consolidated financial statements of the Corporation.

IAS 23, Borrowing Costs

IAS 23, Borrowing Costs was amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. The amendments were effective on January 1, 2019 and did not have an impact on the consolidated financial statements of the Corporation.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases, completing its long-term project to replace IAS 17, Leases, as well as all corresponding interpretations. This standard eliminates the classification of leases as either operating or finance leases and introduces a single accounting model for the lessee under which a lease liability and a right-of-use asset are recognized for all leases with a term of more than 12 months. IFRS 16 essentially carries forward the lessor accounting requirements, whereas a lessor continues to classify its leases as operating or finance leases.

The Corporation adopted IFRS 16 for the period beginning on January 1, 2019 and transitioned in accordance with the fully retrospective approach, with prior period restatements.

The Corporation elected to apply the practical expedient where it is not required to reassess whether a contract is, or contains, a lease at the date of initial application.

For contracts where the Corporation is the intermediate lessor, the Corporation reassessed subleases that were classified as operating leases while applying IAS 17, but that under IFRS 16, should be classified as finance leases. The Corporation performed this assessment on January 1, 2019 on the basis of the remaining contractual terms and conditions of the head lease with Transport Canada and subleases at that date. Upon adoption of IFRS 16, the Corporation accounted for these subleases as new finance leases entered into on January 1, 2019.

Applying IFRS 16 had no impact on the accounting for the long-term lease with Transport Canada, as lease payments are contingent on airport revenues. Rent payment, calculated based on revenues, will continue to be recorded as "Transport Canada rent" expense in the consolidated statement of comprehensive income (loss).

As a result of the initial adoption of IFRS 16, the Corporation has updated its accounting policies for lease accounting (Note 1(j)).

Notes to Consolidated Financial Statements

Year ended December 31, 2019
(In thousands of Canadian dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(C) Changes In Accounting Policies (continued)

IFRS 16, Leases (continued):

The impact of the retroactive application of this new standard on the Corporation's consolidated financial statements is the following:

			December 31, 2018		January 1, 2019
	As presented	Restatement IFRS 16 - leases	As restated	Restatement IFRS 16 - intermediate lessor	Opening balance
Current assets					
Trade and other receivables	$ 34,358	$ -	$ 34,358	$ 33	$ 34,391
Non-current assets					
Long-term receivables	1,729	-	1,729	27,707	29,436
Other assets	28,439	-	28,439	(242)	28,197
Property and equipment	2,195,364	(13,164)	2,182,200	(15)	2,182,185
Right-of-use assets	-	16,426	16,426	(16)	16,426
Current and non-current liabilities					
Finance lease liabilities	19,163	(19,163)	-	-	-
Lease liabilities	-	22,532	22,532	-	22,532
Net assets					
Net assets of the Corporation	219,134	(107)	219,027	27,483	246,510
Expenses					
Maintenance and services	92,883	(717)	92,166	-	92,166
Depreciation of property and equipment	147,574	677	148,251	-	148,251
Financial expenses	107,279	38	107,317	-	107,317
Excess of revenues over expenses	68,172	2	68,174	-	68,174

			January 1, 2018
	As presented	Restatement IFRS 16 - leases	As restated
Non-current assets			
Property and equipment	$ 2,125,030	$ (14,048)	$ 2,110,982
Right-of-use assets	-	15,765	15,765
Current and non-current liabilities			
Finance lease liabilities	19,365	(19,365)	-
Lease liabilities	-	21,191	21,191
Net assets			
Net assets of the Corporation	144,852	(109)	144,743

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, Investissement 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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
	Lease liabilities

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).

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(E) Financial instruments (continued)

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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 of 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 constituting 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

As described in Note 1(c), the Corporation adopted IFRS 16 retrospectively, with prior period restatements.

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).

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(J) Leases (continued)

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.

At inception date, the Corporation recognizes a right-of-use asset and a lease liability on the consolidated statement of net asset. 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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(J) Leases (continued)

The Corporation as lessee (continued)

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 finance or operating 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.

(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 (“cash-generating units”). Cash-generating units 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(P) Post-Employment Benefits (continued)

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 take into account 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, parkings 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.

AIF

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 is recognized as the performance obligation is satisfied.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 ongoing 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(U) Estimation Uncertainty (continued)

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

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 of 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.

Useful lives of property and equipment

Management reviews the useful lives of property and equipment at each reporting date. Management concluded that the useful lives represent the expected utility of the assets of the Corporation.

Leases

To assess the carrying value of the right-of-use assets and lease liabilities, the Corporation must estimate the incremental borrowing rate of each underlying asset if the implicit rate is not readily available. The Corporation must consider its solvency, the warrantee, useful life and value of the underlying asset, and the economic environment in which the asset is being operated. Incremental borrowing rates can be modified due to macroeconomic changes in the environment.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(U) Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Fair value of financial instruments

Some of the Corporation's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Corporation uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

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.

The details of the assumptions used are listed in Note 19(b).

Provisions

The Corporation is defending certain lawsuits where the actual outcome may vary from the amount recognized in the consolidated financial statements.

The measurement of a site restoration obligation requires assumptions to be made, including expected timing of the event that would result in the outflow of economic resources, the range of possible site restoration methods and the expected costs that would be incurred to settle the liability. The Corporation evaluates its obligation based on expected expenditures. Revisions to any of the assumptions and estimates used by management may result in changes to the expected expenditures to settle the liability, which would require adjustments to the provision. This may have an impact on the operating results of the Corporation in the period the change occurs.

(In thousands of Canadian dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(U) Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

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.

The actuarial report for the year ended December 31, 2019 was unavailable at the reporting date. However, management considers the extrapolation of the December 31, 2018 figures to be the best method to estimate the Corporation's defined benefit obligation and expense as at and for the year ended December 31, 2019. The revised assumptions used to extrapolate have been reviewed and deemed accurate.

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 judgement 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.

2. RESTRICTED CASH

Under the terms of the 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 $59,832 (2018 - $59,432). As at December 31, 2019, $55,880 (2018 - $55,492) was held as restricted cash and $4,200 (2018 - $4,200) was issued as a letter of credit.

3. TRADE AND OTHER RECEIVABLES

	2019	2018
Trade accounts receivable	**$ 10,352**	$ 12,964
Loss allowance	**(360)**	(326)
	$ 9,992	$ 12,638
AIF, landing and terminal charges	**15,256**	7,659
Cost recovery of property improvement	**7,186**	6,409
Concession revenues	**2,497**	1,951
Recoverable consumption taxes	**-**	3
Other	**946**	1,336
	$ 25,885	$ 17,358
Financial assets	**35,877**	29,996
Non-financial assets - Prepaids	**11,963**	4,362
	$ 47,840	$ 34,358

4. PROPERTY AND EQUIPMENT

2019

	Land	Buildings and leasehold improvements	Civil infra-structures	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**
Acquisitions	**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**

2018

	Land	Buildings and leasehold improvements	Civil infra-structures	Furniture and equipment	Technological and electronic equipment	Vehicles	Construction projects in progress [a]	Total
Cost:								
Beginning balance	$ 31,319	$ 1,796,365	$ 917,205	$ 332,861	$ 174,544	$ 64,446	$ 143,749	$ 3,460,489
Acquisitions	1,586	78,111	62,052	17,710	26,946	10,796	22,759	219,960
Disposals and write-offs	-	-	-	-	(195)	(788)	-	(983)
Ending balance	32,905	1,874,476	979,257	350,571	201,295	74,454	166,508	3,679,466
Depreciation and impairment:								
Beginning balance	-	702,111	323,026	188,191	105,692	30,487	-	1,349,507
Acquisitions	277	70,522	39,620	12,366	20,960	4,853	-	148,598
Disposals and write-offs	-	-	-	-	(61)	(778)	-	(839)
Ending balance	277	772,633	362,646	200,557	126,591	34,562	-	1,497,266
Net carrying value	$ 32,628	$ 1,101,843	$ 616,611	$ 150,014	$ 74,704	$ 39,892	$ 166,508	$ 2,182,200

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

Notes to Consolidated Financial Statements
Year ended December 31, 2019
(In thousands of Canadian dollars)

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 $61,892, respectively (2018 - $132,672 and $55,575, respectively).

Acquisitions were reduced by $1,949 (2018 - $1,994), representing contributions from the Canadian Air Transport Security Authority ("CATSA"). Short-term receivables include a recoverable amount of $7,186 from CATSA (2018 - $6,409).

5. RIGHT-OF-USE ASSETS

2019

	Land	Buildings and leasehold improvements	Technological and electronic Equipments	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**

2018

	Buildings and leasehold improvements	Technological and electronic Equipments	Vehicles	Total
Cost				
Beginning balance	20,479	1,936	1,803	24,218
Acquisitions	2,036	-	160	2,196
Ending balance	22,515	1,936	1,963	26,414
Depreciation				
Beginning balance	6,431	1,080	942	8,453
Depreciation	858	271	406	1,535
Ending balance	7,289	1,351	1,348	9,988
Net carrying value	$ 15,226	$ 585	$ 615	$ 16,426

Right-of-use assets include leases with remaining terms 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.

(In thousands of Canadian dollars)

7. LEASES

(A) The Corporation as Lessee

The airport facilities are leased under a long-term lease entered into on July 31, 1992 with Transport Canada (Note 1(i)).

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 variable rent.

The Corporation enters into leases and service contracts with embedded leases for real estate, technological equipment and vehicles. Leases with 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.

7. LEASES (continued)

(A) The Corporation as Lessee (continued)

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

Minimum payments due	2019	2018
Within 1 year	$ 1,693	$ 1,134
1 to 5 years	4,930	3,035
After 5 years	19,137	18,363
	$ 25,760	$ 22,532

(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 $32,331 (2018 - $28,359) 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	2019	2018
Within 1 year	$ 100,909	$ 96,454
1 to 5 years	248,244	288,749
After 5 years	647,566	519,440
	$ 996,719	$ 904,643

The Corporation subleases certain parcels of land on the airport territory to third parties. Subleases that have a contract term that covers the majority 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:

	2019
Within 1 year	$ 1,065
1 to 5 years	4,541
After 5 years	71,178
Undiscounted lease payments receivable	76,784
Unearned finance income	(45,481)
Net investment in finance leases	$ 31,303

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

(In thousands of Canadian dollars)

8. CREDIT FACILITY

The Corporation has an available $150,000 credit facility (2018 - $150,000) from a Canadian banking consortium, expiring on April 4, 2024. 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 (2018 - 70 basis points). Standby fees are calculated at an annual rate of 14 basis points (2018 - 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 $19,716 (2018 - $18,371) (Note 11). This letter of credit is subject to the same terms and conditions as the credit facility.

In addition, an amount of $58,575 (2018 - $53,406) of the credit facility is restricted for the operating and maintenance contingency fund under the trust indenture (Note 9).

9. LONG-TERM BONDS

	2019	2018
Series B bonds, face value at issuance of $300,000, coupon and effective interest rates of 6.95% and 7.10%, respectively, interest payable on April 16 and October 16 of each year, beginning October 16, 2002, principal payable on April 16 and October 16 of each year, beginning October 16, 2007 and maturing April 16, 2032	**$ 246,521**	$ 255,244
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	**194,209**	193,957
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	**127,665**	131,112
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	**291,214**	290,877
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	**297,379**	297,290
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	**148,613**	148,583
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	**248,586**	248,548
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	**198,731**	198,702
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	**248,359**	248,323
	2,001,277	2,012,636
Current portion of long-term bonds	**14,391**	12,687
	$ 1,986,886	$ 1,999,949

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

(In thousands of Canadian dollars)

9. LONG-TERM BONDS (continued)

The long-term bonds are presented net of related debt issue costs amounting to $20,053 (2018 - $29,381).

The Corporation's bonds are secured by a hypothec on the universality of the present and future assets of the Corporation. The 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. The Corporation is required to maintain a gross debt service coverage ratio equal to or greater than 1.25 until the bonds are repaid in full and a debt to service coverage ratio equal to or greater than 1.00. As at December 31, 2019, the Corporation is in compliance with the various financial covenants set out in the 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 % and 0.30% per year for Series B, Series D, Series E, Series G, Series H, Series J, Series K, Series M and Series N bonds, respectively.

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

Minimum payments due	**2019**	2018
Within 1 year	**$ 14,391**	$ 12,687
1 to 5 years	**77,469**	69,195
After 5 years	**1,937,470**	1,960,135
	$ 2,029,330	$ 2,042,017

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

	2019	2018
Series B	**$ 317,605**	$ 328,462
Series D	**285,700**	267,980
Series E	**166,773**	170,127
Series G	**389,940**	357,960
Series H	**417,780**	383,370
Series J	**209,340**	191,025
Series K	**293,000**	261,900
Series M	**236,660**	210,040
Series N	**272,200**	238,625
	$ 2,588,998	$ 2,409,489

10. PROVISIONS

	Site restoration obligations	Other	Total
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**
Balance as at January 1, 2018	$ 1,349	$ 8,238	$ 9,587
Increase of provisions	4,315	467	4,782
Decrease of provisions	(4,332)	(1,106)	(5,438)
Balance as at December 31, 2018	$ 1,332	$ 7,599	$ 8,931

(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:

	2019	2018
Current		
Other current employee liabilities	**$ 12,874**	$ 13,771
Non-current		
Defined benefit plans and defined contribution supplemental plan	**$ 36,493**	$ 28,298

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, 2019, the outstanding balance of contributions is $441 (2018 - $534).

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

	2019	2018
Defined benefit obligation, beginning of year	**$ 350,851**	$ 356,399
Current service cost	**6,360**	7,369
Employee contributions	**1,460**	1,575
Interest cost	**12,892**	12,091
Benefits paid	**(14,218)**	(10,733)
Actuarial losses (gains) due to experience adjustments	**(1,208)**	1,708
Actuarial losses (gains) due to change in financial assumptions	**38,313**	(17,558)
Defined benefit obligation, end of year	**$ 394,450**	$ 350,851
Fair value of plan assets, beginning of year	**$ 322,553**	$ 325,155
Employer contributions	**5,254**	6,777
Employee contributions	**1,460**	1,575
Expected return on plan assets	**11,785**	11,005
Actuarial gains (losses)	**31,523**	(10,826)
Benefits paid	**(14,218)**	(10,733)
Administrative fees	**(400)**	(400)
Fair value of plan assets, end of year	**357,957**	322,553
Pension benefit liability	**$ 36,493**	$ 28,298

Notes to Consolidated Financial Statements
Year ended December 31, 2019
(In thousands of Canadian dollars)

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

A) Pension Benefit Liability and Other Employee Liabilities (continued)

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, 2019, the outstanding amount of these letters of credit was $37,096 (2018 - $31,708).

The significant actuarial assumptions adopted are as follows:

	2019	2018
Corporation's defined benefit obligation as at the reporting date		
Discount rate	**3.10 %**	3.70 %
Rate of compensation increase	**3.00**	3.00
Inflation rate	**2.00**	2.00
Net benefit plan expense for reporting years		
Discount rate	**3.70**	3.40
Rate of compensation increase	**3.00**	3.00
Inflation rate	**2.00**	2.00

Mortality assumptions as at December 31, 2018 and 2019 are based on the mortality table with combined rates adjusted to the MI-2017 improvement scale.

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

	2019	2018
Current service cost	**$ 6,360**	$ 7,369
Net interest cost	**1,107**	1,086
Administrative fees	**400**	400
Net benefit plan expense	**$ 7,867**	$ 8,855

(In thousands of Canadian dollars)

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	2019	2018
Cash		**$ 4,023**	$ 2,902
Annuity buy-in contract	3	**210,902**	153,364
Mutual funds of Canadian bonds	2	**41,674**	64,689
Mutual funds of foreign equities	2	**29,578**	24,390
Mutual funds - Infrastructure	3	**23,010**	22,700
Mutual funds - Real estate	3	**22,941**	22,082
Canadian equities	1	**10,526**	11,587
Mutual funds of Canadian equities	2	**9,240**	9,153
Money market mutual funds	2	**209**	54
Foreign equities	1	**178**	10,349
Others		**5,676**	1,283
		$ 357,957	$ 322,553

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 2020 are expected to approximate $9,800, of which $1,400 will be issued as a letter of credit to fund the deficit.

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)

The pension plans expose the Corporation to the following risks (continued):

(v) Sensitivity analysis:
As at December 31, 2019, 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%	**$ 75,987**	**$ 46,868**
Inflation rate: increase of 1%	**63,864**	**34,351**
Rate of compensation increase: increase of 1%	**9,283**	**9,283**
Mortality: multiplication rate by 99%	**973**	**382**

(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, 2019, the weighted average duration of the defined benefit obligation amounted to 19.4 years (2018 – 18.4 years).

(B) Employee Benefits Expense

Expenses recognized for employee benefits in «Salaries and benefits» are set out below:

	2019	2018
Salaries and benefits	**$ 66,655**	$ 66,591
Pension - defined benefit	**7,642**	8,740
Pension - defined contribution	**2,204**	1,838
	$ 76,501	$ 77,169

12. INCOME TAXES

The Corporation's subsidiary has accumulated approximately $629 in capital losses available to reduce future capital gains.

As at December 31, 2019, the subsidiary has accumulated non-capital losses of $4,724 to reduce future years' taxable income. These losses expire as follows: $3,544 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.

(In thousands of Canadian dollars)

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

	2019	2018
Rendering of services	$ **562,987**	$ 518,687
Revenues derived from operating leases	**131,995**	124,390
Gain on sale of assets	**7,577**	50
Gain on subleases	**3,555**	-
Other income	**935**	1,894
	$ **707,049**	$ 645,021
Financial expenses		
Interest on long-term bonds	$ **106,191**	$ 107,068
Interest on lease liabilities	**1,730**	1,731
Amortization of debt issue costs	**1,328**	1,212
Reclassification of losses on cash flow hedges (a)	**1,086**	1,086
Capitalized interest on property and equipment (b)	**(9,470)**	(4,896)
Other	**1,152**	1,116
	$ **102,017**	$ 107,317
Financial income:		
Interest on short-term investments	(4,194)	$ (4,029)
Interest on finance leases	(1,059)	-
Other	(39)	(57)
	$ (5,292)	$ (4,086)

(a) Cumulative losses on hedge transactions included in other comprehensive income (loss) is $27,530 (2018 - $28,616).
(b) The weighted average cost of capital used to capitalize borrowing costs is 5.56% (2018 – 5.63%).

14. AIRPORT IMPROVEMENT FEES

The Corporation introduced AIF for all passengers departing from YUL as of 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 of 4%. From November 1, 1997 to December 31, 2019, cumulative capital expenditures totalled $3,856,000 (2018 - $3,503,000), exceeding the cumulative amount of gross AIF collected (excluding airline collection fees) by $1,462,000 (2018 - $1,345,000).

15. INFORMATION INCLUDED IN CASH FLOWS

The changes in working capital items are detailed as follows:

	2019	2018
Trade and other receivables	$ **(14,247)**	$ 17,189
Inventories	**(19)**	(273)
Trade and other payables	**(5,672)**	(3,056)
Other employee liabilities	**(897)**	1,618
Provisions	**2,101**	(3,364)
	$ **(18,734)**	$ 12,114

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, 2019	$ 2,035,561	$ 22,532	$ **2,058,093**
Changes from financing cash flows			
Repayments	(12,687)	(1,337)	**(14,024)**
Liability-related changes			
Increase in lease liabilities	-	4,565	**4,565**
Capitalized interest	9,470	43	**9,513**
Interest expense	96,721	1,730	**98,451**
Amortization of debt issue costs	1,328	-	**1,328**
Interest paid	(106,441)	(1,773)	**(108,214)**
Balance as at December 31, 2019	$ 2,023,952	$ 25,760	$ **2,049,712**

(a) Balances include accrued interest.

Additions to property and equipment included in trade and other payables totalled $167,368 (2018 - $108,967).

16. 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 is comprised of members of the Board of Directors, the President and vice-presidents. Their remuneration was $8,138 in 2019 (2018 - $5,945).

(In thousands of Canadian dollars)

17. 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.

18. COMMITMENTS

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

Within 1 year	**$**	**43,887**
1 to 5 years		**23,793**
After 5 years		**-**
	$	**67,680**

In addition to the commitments listed above, the Corporation entered into contracts for the acquisition and construction of property and equipment totalling $340,284 (2018 - $124,252), of which $6,819 (2018 - $5,929) are denominated in foreign currencies.

19. 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.

19. FINANCIAL INSTRUMENTS (continued)

(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, 2019			
Long-term bonds	**2**	**$ 2,001,277**	**$ 2,588,998**
Financial liabilities as at December 31, 2018			
Long-term bonds	2	$ 2,012,636	$ 2,409,489

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

(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:

	2019	2018
Cash and cash equivalents and trade and other receivables	**$ 1,070**	$ 2,731
Trade and other payables	**1,235**	410

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.

(In thousands of Canadian dollars)

19. FINANCIAL INSTRUMENTS (continued)

(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, 2019.

19. 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:

	2019	2018
Current	**$ 7,621**	$ 9,878
30 - 60 days past due	**1,253**	1,954
61 - 90 days past due	**154**	308
Over 90 days past due	**1,324**	824
	10,352	12,964
Loss allowance	**(360)**	(326)
Balance, end of year	**$ 9,992**	$ 12,638

As at December 31, 2019, an amount of $267 (2018 - $250) included in the loss allowance represents a specific allowance for trade accounts receivable that amount to $418 (2018 - $289). As the expected credit losses, excluding those related to specific allowances, total $93 (2018 - 76$), 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.

(In thousands of Canadian dollars)

19. FINANCIAL INSTRUMENTS (continued)

(F) Liquidity Risk (continued)

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.

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, 2019					
Within 1 year	**$ 3,530**	**$ 119,791**	**$ 43,887**	**$ 217,021**	**$ 384,229**
1 to 5 years	**11,673**	**487,006**	**23,793**	**-**	**522,472**
After 5 years	**32,404**	**3,166,005**	**-**	**-**	**3,198,409**
As at December 31, 2018					
Within 1 year	$ 2,898	$ 118,878	$ 38,988	$ 163,938	$ 324,702
1 to 5 years	9,656	509,769	20,446	-	539,871
After 5 years	32,975	3,263,033	-	-	3,296,008

(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.

20. 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:

	2019	**2018**
Long-term bonds	**$ 2,001,277**	$ 2,012,636
Cash and cash equivalents and restricted cash	**(173,842)**	(249,251)
	$ 1,827,435	$ 1,763,385

20. CAPITAL MANAGEMENT (continued)

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.

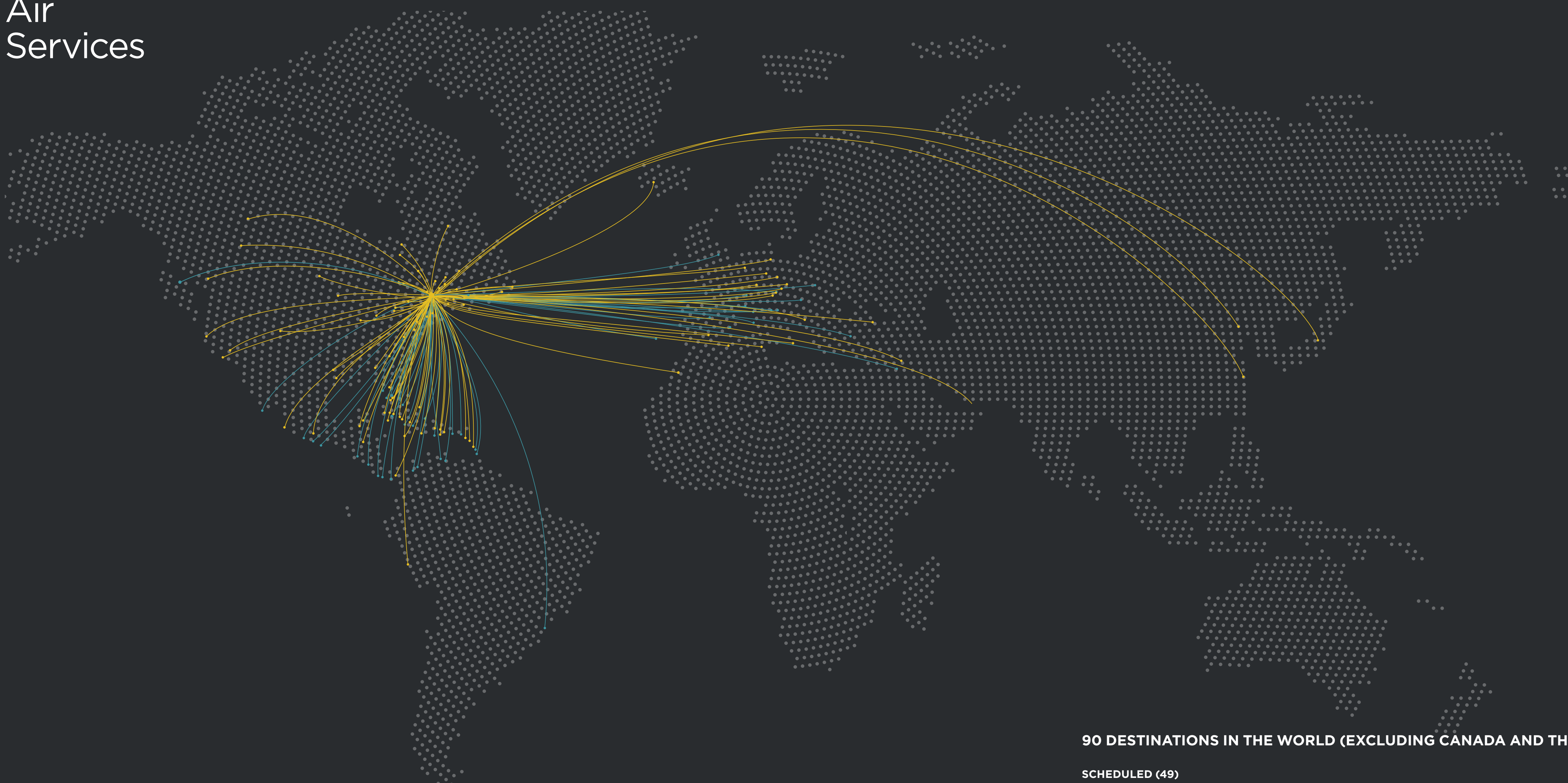
The Corporation's strategy for managing capital remained unchanged from 2018.

21. SUBSEQUENT EVENT

In February 2020, the Corporation extended its credit facility available through a Canadian banking consortium for an additional period of one year, thus until April 2025, under the same terms and conditions.

Furthermore, on March 11 the World Health Organization made the assessment that COVID-19 can be characterized as a pandemic. The situation is changing rapidly, and various governmental bodies are implementing measures to limit the spread of the virus. The pandemic will have direct and indirect effects on the Corporation's financial performance in 2020. The Corporation is monitoring the situation closely and is implementing measures to mitigate the impact of COVID-19 on its operations.

Air Services



• SCHEDULED DESTINATIONS
• SEASONAL DESTINATIONS

32 CANADIAN DESTINATIONS

SCHEDULED (29)

Bagotville, QC
Baie-Comeau, QC
Bathurst, NB
Calgary, AB
Charlottetown, PE
Chibougamau, QC
Edmonton, AB
Fredericton, NB
Halifax, NS
Hamilton, ON
Kuujjuaq, QC
Kuujjuarapik, QC
La Grande, QC
London, ON
Moncton, NB
Mont-Joli, QC
Mont-Tremblant, QC
Ottawa, ON
Québec, QC
Rouyn-Noranda, QC
Saint John, NB
Saint John, NL
Sept-Îles, QC
Toronto (Billy Bishop), ON
Toronto (Pearson), ON
Val-d'Or, QC
Vancouver, BC
Windsor, ON
Winnipeg, MB

SUMMER (3)

Magdalen Islands, QC
Victoria, BC
Sydney, NS

30 DESTINATIONS IN THE UNITED STATES

SCHEDULED (26)

Atlanta, GA
Baltimore, MD
Boston, MA
Charlotte, NC
Chicago, IL
Dallas/Fort Worth, TX
Denver, CO
Detroit, MI
Fort Lauderdale, FL
Hartford, CT
Houston, TX
Las Vegas, NV
Los Angeles, CA
Miami, FL
Minneapolis/St. Paul, MN
Newark, NY
New Orleans, LA
New York (JFK), NY
New York (LGA), NY
Orlando (International), FL
Philadelphia, PA
Pittsburgh, PA
Raleigh, NC
San Francisco, CA
Washington (Dulles), DC
Washington (Reagan), DC

WINTER (4)

Fort Myers, FL
Phoenix, AZ
Tampa, FL
West Palm Beach, FL

90 DESTINATIONS IN THE WORLD (EXCLUDING CANADA AND THE UNITED STATES)

SCHEDULED (49)

Algiers, Algeria
Amman, Jordan
Amsterdam, Netherlands
Antigua, Antigua-and-Barbuda
Beijing, China
Brussels, Belgium
Cancún, Mexico
Casablanca, Morocco
Cayo Coco, Cuba
Cayo Largo del Sur, Cuba
Cozumel, Mexico
Doha, Qatar
Fort-de-France, Martinique
Frankfurt, Germany
Geneva, Switzerland
Havana, Cuba
Holguin, Cuba
Istanbul, Turquie
La Romana, Dominican Republic
Lima, Peru
Lisbon, Portugal
London (Heathrow), United Kingdom
Lyon, France
Málaga, Spain
Mexico City, Mexico
Montego Bay, Jamaica
Munich, Germany
Panama City, Panama
Paris (CDG), France
Pointe-à-Pitre, Guadeloupe
Port-au-Prince, Haiti
Providenciales, Turks and Caicos
Puerto Plata, Dominican Republic
Puerto Vallarta, Mexico
Punta Cana, Dominican Republic
Reykjavik, Iceland
Roatan, Honduras
Rome, Italy
St. Maarten, Netherlands-Antilles
Samana, Dominican Republic
San Salvador, Bahamas
Santa Clara, Cuba
Shanghai, China
Saint Pierre, Saint-Pierre and Miquelon
Tokyo, Japan
Tunis, Tunisia
Varadero, Cuba
Vienna, Austria
Zurich, Switzerland

SUMMER (18)

Athens, Greece
Basel-Mulhouse, Switzerland
Barcelona, Spain
Bordeaux, France
Bucharest, Romania
Dublin, Ireland
London (Gatwick), United Kingdom
Madrid, Spain
Marseille, France
Nantes, France
Nice, France
Paris (Orly), France
Ponta Delgada, Portugal
Porto, Portugal
Prague, Czech Republic
Tel Aviv, Israel
Toulouse, France
Venice, Italy

WINTER (23)

Acapulco, Mexico
Aruba, Aruba
Bridgetown, Barbados
Camagüey, Cuba
Cartagena, Colombia
Freeport, Bahamas
Huatulco, Mexico
Ixtapa/Zihuatanejo, Mexico
Liberia, Costa Rica
Manzanillo, Cuba
Mazatlán, Mexico
Nassau, Bahamas
Rio Hato, Panama
Saint Lucia, Saint Lucia
San Andres, Colombia
San Jose, Costa Rica
San Jose del Cabo, Mexico
San Juan, Puerto Rico
San Salvador, El Salvador
Santiago, Cuba
Santo Domingo, Dominican Republic
São Paulo, Brazil
Willemstad, Curaçao

35 PASSENGER CARRIERS

9 CANADIAN CARRIERS

Air Canada
Air Creebec
Air Inuit
Air Transat
Canadian North (First Air)
Porter
Provincial Airlines
Sunwing
WestJet

3 U.S. CARRIERS

American Airlines
Delta
United

23 INTERNATIONAL CARRIERS

Aeromexico
Air Algérie
Air China
Air France
Air Saint-Pierre
Austrian Airlines
British Airways
Copa Airlines
Corsair
Icelandair
Interjet
KLM
Level
Lufthansa
Norwegian
Qatar Airways
Royal Air Maroc
Royal Jordanian
SATA Internacional
SWISS
Tunisair
Turkish Airlines
WOW air

ALL-CARGO CARRIERS

Cargojet
Castle Aviation
FEDEX
GTI group
Morningstar
Nolinor
Skylink
UPS
CLX Logistics

Branding and design by NEXTMOOV