

AÉROPORTS DE MONTRÉAL – RESULTS AT SEPTEMBER 30, 2018

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

Highlights

The number of passengers at Montréal-Trudeau continues to grow in 2018: the airport welcomed 5.8 million passengers in the third quarter and 15.0 million in the first nine months of the year, increases of 6.8% and 6.9%, respectively. The three sectors - domestic, transborder and international - contributed to the sustained growth.

EBITDA (excess of revenues over expenses before financial expenses, income taxes, depreciation and impairment of property and equipment) was \$106.8 million for the third quarter of 2018, an increase of \$12.3 million, or 13.0%, compared with 2017, and represents 57.9% of revenues compared to an indicator of 56.6% for the corresponding quarter of 2017. For the nine months ended September 30, 2018, EBITDA amounted to \$255.9 million, an increase of \$31.8 million, or 14.2%, compared with the corresponding period in 2017. In addition, EBITDA represents 52.3% of revenues compared to 50.7% in the same period of 2017.

The Corporation's capital investments totalled \$56.2 million in the third quarter of 2018 and \$142.5 million in the first nine months of the year (\$73.8 million and \$164.3 million, respectively, in 2017). Investments in the airports were financed by cash flows from operating activities.

Financial results

Consolidated revenues increased to \$184.6 million in the third quarter of 2018, up \$17.7 million, or 10.6%, compared with 2017. Consolidated revenues as of September 30, 2018 increased by \$47.6 million, or 10.8%, from \$441.8 million in 2017 to \$489.4 million in 2018. This increase is mainly attributable to the increase in passenger traffic and the rise in AIF from \$25 to \$30, effective April 1, 2018.

Operating expenses for the quarter under review were \$50.9 million, an increase of \$6.3 million, or 14.1%, over the corresponding quarter in the previous year. For the nine months ended September 30, 2018, operating expenses increased by \$13.4 million, or 9.6%, from \$139.7 million to \$153.1 million. This variance is namely due to increases in operating expenses related to winter conditions, mitigation measures to ensure passenger fluidity in a context of under-capacity, and initiatives to enhance customer experience.

Transfers to governments (payments in lieu of municipal taxes and rent paid to Transport Canada) totalled \$26.9 million in the third quarter of 2018 and \$80.4 million in the first nine months of 2018 (\$27.8 million and \$78.0 million, respectively, in 2017), representing more than 16% of the Corporation's total revenues.

Depreciation and impairment of property and equipment rose to \$40.8 million in the third quarter of 2018, an increase of \$4.5 million, or 12.4%, over the corresponding period in 2017. For the nine months ending September 30, 2018, it totalled \$110.7 million, up \$9.1 million, or 9.0%, compared with 2017. This increase is mainly attributable to the commissioning of projects completed in 2017.

Net financial expenses were relatively stable at \$25.8 million compared with the corresponding quarter in 2017. Net financial expenses for the nine months ended September 30, 2018 were \$78.0 million, an increase of \$1.5 million, or 2.0%, compared with 2017. This variance is mainly due to higher interest expenses following the issuance of the Series N bonds in April 2017, net of interest income generated by surplus cash.

The quarter ended September 30, 2018 produced an excess of revenues over expenses of \$40.2 million compared to \$32.4 million in the same period in 2017, an increase of \$7.8 million, or 24.1%. As of September 30, 2018, the accumulated excess of revenues over expenses amounted to \$67.2 million compared to \$46.0 million for the same period in 2017, an increase of \$21.2 million, or 46.1%.

| (in millions of dollars) | Third quarter | | | Cumulative as at September 30 | | |
|---|----------------------|--------------|---------------------|--------------------------------------|--------------|---------------------|
| | 2018 | 2017 | Variance (%) | 2018 | 2017 | Variance (%) |
| Revenues | 184.6 | 166.9 | 10.6 | 489.4 | 441.8 | 10.8 |
| Operating expenses | 50.9 | 44.6 | 14.1 | 153.1 | 139.7 | 9.6 |
| Payments in lieu of municipal taxes (PILT) | 6.8 | 9.9 | (31.3) | 27.8 | 31.4 | (11.5) |
| Rent paid to Transport Canada | 20.1 | 17.9 | 12.3 | 52.6 | 46.6 | 12.9 |
| Depreciation and impairment of property and equipment | 40.8 | 36.3 | 12.4 | 110.7 | 101.6 | 9.0 |
| Financial expenses (net) | 25.8 | 25.8 | - | 78.0 | 76.5 | 2.0 |
| Total expenses | 144.4 | 134.5 | 7.4 | 422.2 | 395.8 | 6.7 |
| Excess of revenues over expenses | 40.2 | 32.4 | 24.1 | 67.2 | 46.0 | 46.1 |
| EBITDA | 106.8 | 94.5 | 13.0 | 255.9 | 224.1 | 14.2 |

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

Passenger traffic

During the third quarter of 2018, total passenger traffic at Montréal-Trudeau increased by 6.8% to 5.8 million. International traffic was up by 9.9%, domestic traffic rose by 3.6%, and transborder (United States) traffic climbed by 6.4% compared to the same quarter last year.

On a cumulative basis, total passenger traffic increased by 6.9% in the first nine months of 2018, to 15.0 million. International traffic was up by 8.9%, domestic rose by 3.8% and transborder (US) grew by 8.4% over the same period last year.

Total passenger traffic*

| | Aéroports de Montréal ('000) | | |
|--------------------------|------------------------------|----------|----------|
| | 2018 | 2017 | Variance |
| January | 1,418.7 | 1,347.9 | 5.3 % |
| February | 1,339.3 | 1,262.3 | 6.1 % |
| March | 1,631.1 | 1,490.0 | 9.5 % |
| April | 1,484.3 | 1,449.4 | 2.4 % |
| May | 1,517.7 | 1,410.4 | 7.6 % |
| June | 1,762.6 | 1,601.8 | 10.0 % |
| July | 2,035.5 | 1,912.2 | 6.4 % |
| August | 2,084.5 | 1,970.2 | 5.8 % |
| September | 1,727.5 | 1,591.7 | 8.5 % |
| Total at Sept. 30 | 15,001.2 | 14,035.9 | 6.9 % |

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

Source: Aéroports de Montréal, preliminary results