

FINANCIAL REPORT SUMMARY AT JUNE 30, 2019

Aéroports de Montréal today announced its consolidated operating results for the three- and six-month periods ended June 30, 2019. These results are accompanied by data on passenger traffic at Montréal-Trudeau International Airport.

Highlights

The number of passengers at Montréal-Trudeau is continuing to grow in 2019, with the airport welcoming 5.0 million passengers in the second quarter of 2019 and 9.7 million in the first six months of the year, representing increases of 5.0% and 5.7%, respectively. The international sector was particularly strong with an increase of 9.8% in the quarter under review and 10.7% in the first six months. The other two sectors – domestic and transborder – also contributed to the growth.

EBITDA (excess of revenues over expenses before financial expenses, taxes and depreciation and impairment of property and equipment) was \$85.4 million in the second quarter of 2019, an increase of \$1.5 million, or 1.8%, compared with the same period in 2018, and represents 50.2% of revenues compared to an indicator of 52.7% in the second quarter of 2018. For the six months ended June 30, 2019, EBITDA totalled \$175.0 million, up \$25.5 million, or 17.1%, from the same period in 2018. In addition, EBITDA represented 50.3% of revenues compared with 49.0% in the first six months of 2018.

The Corporation's capital investments were \$77.2 million during the second quarter of 2019 and \$116.5 million in the first six months of 2019 (\$62.0 million and \$86.3 million, respectively, in 2018). Investments in the airports were financed by cash flows from operating activities.

Financial results

Consolidated revenues totalled \$170.1 million in the second quarter of 2019, an increase of \$10.8 million, or 6.8%, compared to the second quarter of 2018. Year-to-date revenue as at June 30, 2019 increased by \$43.3 million, or 14.2%, climbing from \$304.8 million to \$348.1 million in 2019. This increase is mainly due to the increase in passenger traffic, the rate increase of AIFs from \$25 to \$30 on April 1, 2018, as well as to a gain on the disposition of assets.

Operating expenses for the quarter under review were \$56.0 million, an increase of \$7.7 million, or 15.9%, over the same period in 2018. For the six months ended June 30, 2019, operating expenses increased by \$13.4 million, or 13.2%, rising from \$101.8 million to \$115.2 million. This variance is mainly attributable to investments made to maintain a high level of service for travelers in a context of infrastructure under-capacity as well as to implementation costs related to initiatives to enhance competitiveness.

Transfers to governments (payments in lieu of taxes to municipalities and rent to Transport Canada) totalled \$28.7 million in the second quarter of 2019 and \$57.9 million in the first six months of 2019 (\$27.1 million and \$53.5 million, respectively, in 2018), representing nearly 17% of the Corporation's total revenues.

Depreciation of property and equipment amounted to \$38.1 million in the quarter, an increase of \$3.4 million, or 9.8%, over the same period in 2018. For the six-month period ended June 30, 2019, depreciation and amortization expense totalled \$75.0 million, up \$4.8 million, or 6.8%, from the same period in 2018. This increase is mainly due to the commissioning of projects completed in 2018.

Financial expenses declined to \$24.6 million in the quarter under review, a decrease of \$1.6 million, or 6.1%. Cumulative financial expenses of \$49.2 million at June 30, 2019 decreased by \$3.0 million, or 5.7%, compared with the same period in 2018. This variance is mainly attributable to an increase in capitalized interest on capital projects and higher interest income related to higher interest rates.

The quarter ended June 30, 2019 resulted in a \$22.9 million excess of revenues over expenses, remaining stable compared to the same period in 2018. As at June 30, 2019, the cumulative excess of revenues over expenses amounted to \$51.1 million compared to \$27.1 million for the same period in 2018, an increase of \$24.0 million, or 88.6%.

(in millions of dollars)	Second quarter			Cumulative at June 30		
	2019	2018	Variance (%)	2019	2018	Variance (%)
Revenues	170.1	159.3	6.8	348.1	304.8	14.2
Operating expenses	56.0	48.3	15.9	115.2	101.8	13.2
Payments in lieu of municipal taxes	10.3	10.0	3.0	20.5	21.0	(2.4)
Rent to Transport Canada	18.4	17.1	7.6	37.4	32.5	15.1
Depreciation and impairment of property and equipment	38.1	34.7	9.8	75.0	70.2	6.8
Financial expenses (net)	24.6	26.2	(6.1)	49.2	52.2	(5.7)
Total expenses	147.4	136.3	8.1	297.3	277.7	7.1
Excess of revenues over expenses before share in the results of an investment	22.7	23.0	(1.3)	50.8	27.1	87.5
Share in the results of an investment	0.2	-	-	0.3	-	-
Excess of revenues over expenses	22.9	23.0	(0.4)	51.1	27.1	88.6
EBITDA	85.4	83.9	1.8	175.0	149.5	17.1

EBITDA is a financial measurement that is not recognized by International Financial Reporting Standards (IFRS). It is therefore unlikely to be comparable to similar measures used by other entities that are not airports. EBITDA is defined by the Corporation as the excess of revenues over expenses before financial expenses, taxes and 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

In the second quarter of 2019, total passenger traffic at Montréal-Trudeau increased by 5.0% to 5.0 million. International traffic was up 9.8% and domestic traffic grew by 2.6%, while transborder (US) traffic posted an increase of 1.0% compared with the same quarter last year.

In total, passenger traffic increased by 5.7% in the first six months of 2019, to 9.7 million. International traffic was up 10.7% and domestic traffic grew by 2.5%, while transborder (US) traffic rose by 2.3% over the same period last year.

Total passenger traffic*

	Aéroports de Montréal ('000)		
	2019	2018	Variance
January	1,532.1	1,420.1	7.9 %
February	1,432.7	1,338.5	7.0 %
March	1,713.4	1,633.2	4.9 %
April	1,567.7	1,485.1	5.6 %
May	1,602.1	1,518.8	5.5 %
June	1,835.2	1,762.4	4.1 %
Total at June 30	9,683.2	9,158.1	5.7 %

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

Source: Aéroports de Montréal, preliminary results