

FINANCIAL REPORT SUMMARY AT SEPTEMBER 30, 2019

Aéroports de Montréal today announced its consolidated operating results for the three- and nine-month periods ended September 30, 2019. 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 2019, with the airport welcoming 6.0 million passengers in the third quarter of 2019 and 15.7 million in the first nine months of the year, representing increases of 3.2% and 4.8%, respectively. The international sector was particularly strong with an increase of 7.0% in the quarter under review. The transborder sector also contributed to growth in the third quarter, while the domestic sector saw a slight decrease.

EBITDA (excess of revenues over expenses before financial expenses, taxes and depreciation and impairment of property and equipment) was \$109.7 million in the third quarter of 2019, an increase of \$2.8 million, or 2.6%, compared with the same period in 2018, and represented 56.1% of revenues compared to 57.9% in the corresponding quarter in 2018. For the nine months ended September 30, 2019, EBITDA was \$284.7 million, up \$28.3 million, or 11.0%, from the same period in 2018. In addition, EBITDA represented 52.4% of revenues, stable compared with the same period in 2018.

The Corporation's capital investments were \$107.6 million in the 2019 quarter and \$224.1 million in the first nine months of 2019 (\$56.2 million and \$142.5 million, respectively, in 2018). Investments in the airports were financed by cash flows from operating activities.

Financial results

Consolidated revenues totalled \$195.4 million in the third quarter of 2019, an increase of \$10.8 million, or 5.9%, compared with the same period in 2018. Accumulated revenues at September 30, 2019 increased by \$54.1 million, or 11.1%, from \$489.4 million to \$543.5 million, in 2019. This increase is mainly due to higher passenger traffic and an increase in AIFs from \$25 to \$30 as at April 1, 2018, as well as to a gain on the disposal of assets.

Operating expenses in the quarter under review were \$53.9 million, an increase of \$3.1 million, or 6.1%, over the same period in 2018. For the nine months ended September 30, 2019, operating expenses increased by \$16.5 million, or 10.8%, from \$152.6 million to \$169.1 million. This variance is mainly due to mitigation costs 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 \$31.8 million in the third quarter of 2019 and \$89.7 million in the first nine months of 2019 (\$26.9 million and \$80.4 million, respectively, in 2018), representing more than 16% of the Corporation's total revenues.

Depreciation and impairment of property and equipment amounted to \$38.4 million in the 2019 quarter, a decrease of \$2.5 million, or 6.1%, from the same period in 2018. This decrease is mainly due to the costs of dismantling and preparing the land for the future car rental property incurred in 2018 and not applicable in 2019. For the cumulative period to September 30, 2019, depreciation and impairment expense totalled \$113.4 million, up \$2.3 million, or 2.1%, compared with 2018. This increase is mainly due to the commissioning of projects completed in 2018.

Net financial expense declined to \$24.2 million in the third quarter of 2019, a decrease of \$1.6 million, or 6.2%, from the same quarter in 2018. Cumulative financial expenses of \$73.4 million at September 30, 2019 were \$4.6 million, or 5.9%, lower than 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 September 30, 2019 posted a \$47.4 million excess of revenues over expenses compared with \$40.2 million in the same period in 2018, an increase of \$7.2 million, or 17.9%. As at September 30, 2019, the accumulated excess of revenues over expenses amounted to \$98.5 million compared with \$67.3 million for the same period in 2018, an increase of \$31.2 million, or 46.4%.

(in millions of dollars)	Third quarter			Cumulative at September 30		
	2019	2018	Variance (%)	2019	2018	Variance (%)
Revenues	195.4	184.6	5.9	543.5	489.4	11.10
Operating expenses	53.9	50.8	6.1	169.1	152.6	10.8
Payments in lieu of municipal taxes (PILT)	10.2	6.8	50.0	30.7	27.8	10.4
Rent to Transport Canada	21.6	20.1	7.5	59.0	52.6	12.2
Amortization and depreciation of property and equipment	38.4	40.9	(6.1)	113.4	111.1	2.1
Financial expenses (net)	24.2	25.8	(6.2)	73.4	78.0	(5.9)
Total expenses	148.3	144.4	2.7	445.6	422.1	5.6
Excess of revenues over expenses before share in the results of an investment	47.1	40.2	17.2	97.9	67.3	45.5
Share in the results of an investment	0.3	-	-	0.6	-	-
Excess of revenues over expenses	47.4	40.2	17.9	98.5	67.3	46.4
EBITDA	109.7	106.9	2.6	284.7	256.4	11.0

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 third quarter of 2019, total passenger traffic at Montréal-Trudeau increased by 3.2% to 6.0 million. International traffic was up 7.0% and transborder (US) traffic grew 2.2%, while domestic traffic posted a 0.6% decrease compared with the same quarter last year.

In total, passenger traffic increased by 4.8% in the first nine months of 2019, to 15.7 million. International traffic was up 9.2%, transborder (US) traffic grew by 2.2%, and domestic traffic rose by 1.3% over the same period last year.

In the third quarter of 2019, commercial air movements at YUL fell by 1.3%, reflecting an increase in the number of passengers per flight. In the first nine months of the year, the decline was 1.2%.

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	1,602.2	1,518.8	5.5%
June	1,837.0	1,762.5	4.2%
July	2,096.0	2,038.7	2.8%
August	2,142.7	2,085.8	2.7%
September	1,805.1	1,730.8	4.3%
Total at Sept. 30	15,728.9	15,013.5	4.8%

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

Source: Aéroports de Montréal, preliminary results