

Pearson Aviation Activity

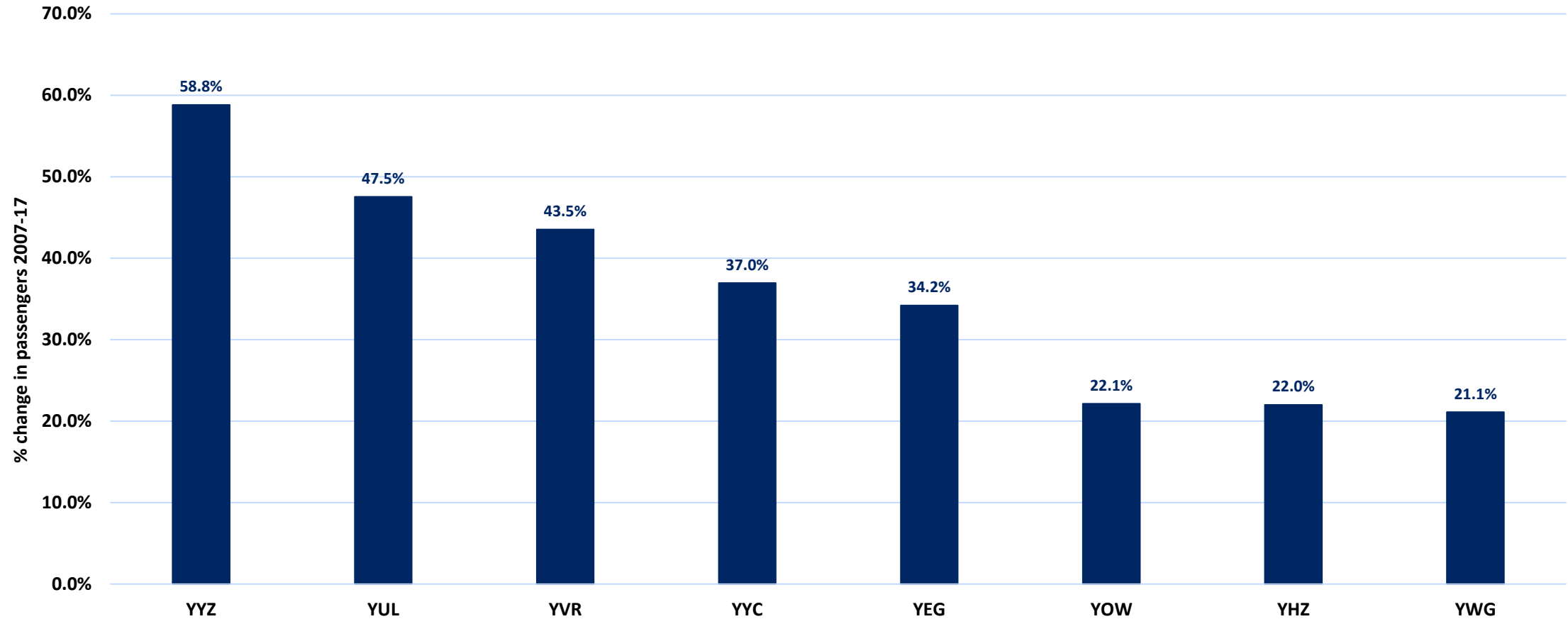
An aerial photograph of Pearson International Airport in Toronto, Canada. The main terminal building is a large, curved structure with a glass and metal facade. Numerous aircraft are parked at gates along the terminal. The airport's extensive runway and taxiway system are visible, along with various support buildings and parking lots. The surrounding area shows some urban development and green spaces.

Dougal Bruce – Manager – Demand Forecasts
March 26th, 2018

Pearson Passenger Growth in Perspective



Toronto Pearson

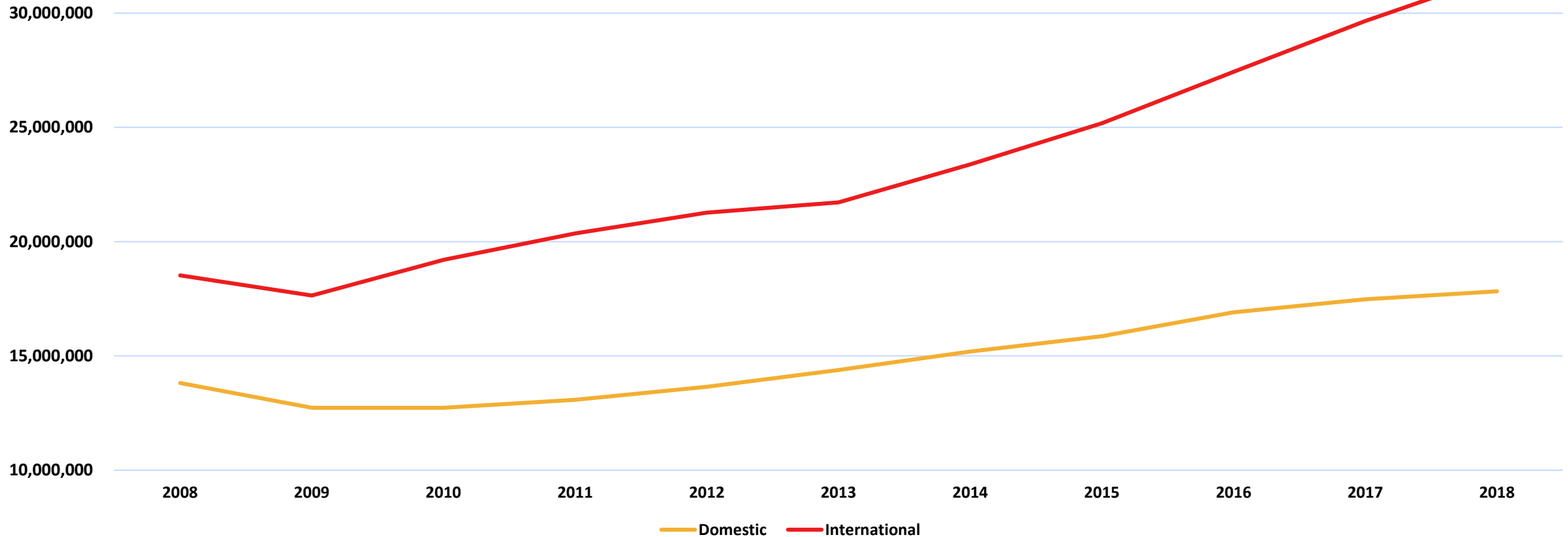


Toronto Pearson has been the fastest growing major Canadian airport over the last 10 years

Historical Growth by Sector



Toronto Pearson

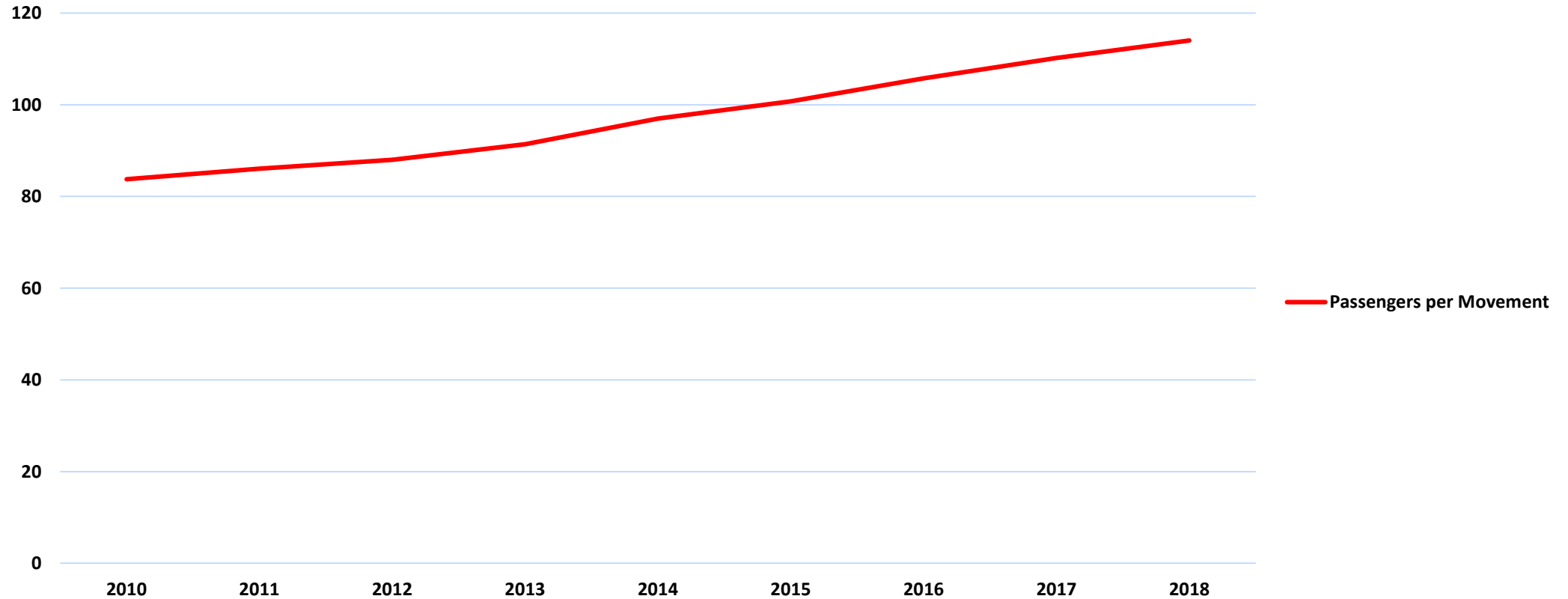


International travellers contributing to Pearson growth with a 5.5% compound annual growth rate (GAGR) since 2008. Domestic market growing at a 2.6% CAGR.

Passengers per Movement



Toronto Pearson

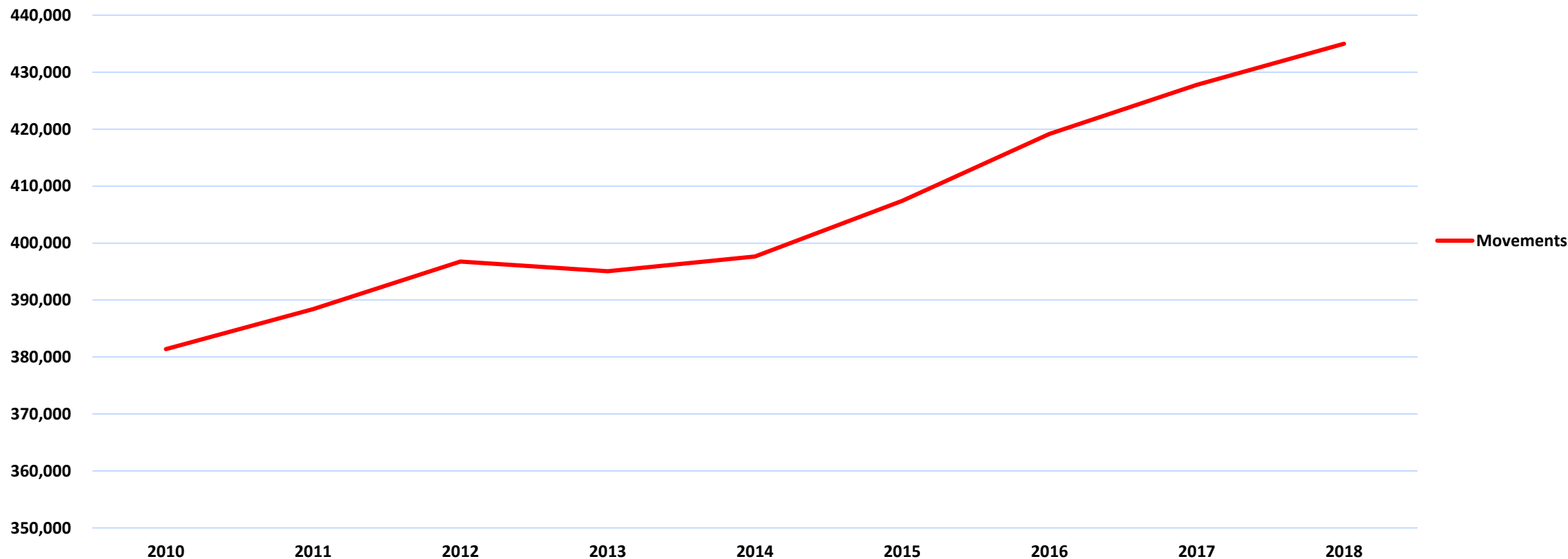


Passengers per movement have been increasing through bigger aircraft, densification of existing fleets and higher load factors

Commercial/Scheduled Movement Growth



Toronto Pearson



Due to larger, more fully occupied aircraft, we project faster growth in passenger volumes than in aircraft movements. Future years could see proportionally fewer flights moving more people.

Industry Growth Expectations



Toronto Pearson

Based on forecasts published by Boeing and Airbus, airlines' announced fleet plans, and expected network evolution

- Worldwide passenger traffic doubles every 15 years; fleets will double in 20 years (**70% of orders are to grow, not replace**)
- In the next 5-10 years, Canadian pax volumes to China, India, South East Asia, Middle East, and Sub-Saharan Africa are **expected to grow at an 8% CAGR**; US growth to these markets is at 6.5%
- **Both will see pax volumes double by 2027**, faster than global passenger growth
- Transborder-International connections expected to grow as airlines integrate networks
- High-growth priority markets include Delhi (12% annual passenger growth in the last 5 years), Bangkok (10%), and Guangzhou (GDP growing at 8% annually)



Pearson Growth to Remain Strong

1997-2013
10M passengers
in 16 years

2014-2017
10M passengers
in 4 years



40M passengers in next 20 years



2017-2037

2036 Forecast Reveals Air Passengers Will Nearly Double to 7.8 Billion



Translations:

- › Les projections pour 2036 indiquent que le nombre de passagers aériens va presque doubler, atteignant 7,8 milliards (pdf)
- › Los pasajeros aéreos casi se duplican en 2036 hasta los 7.800 millones (pdf)
- › Previsão para 2036 revela que passageiros aéreos irão quase dobrar até 7,8 bilhões (pdf)

› 国际航协：2036年全球航空客运量几近翻倍 增至7.8亿人次 (pdf)

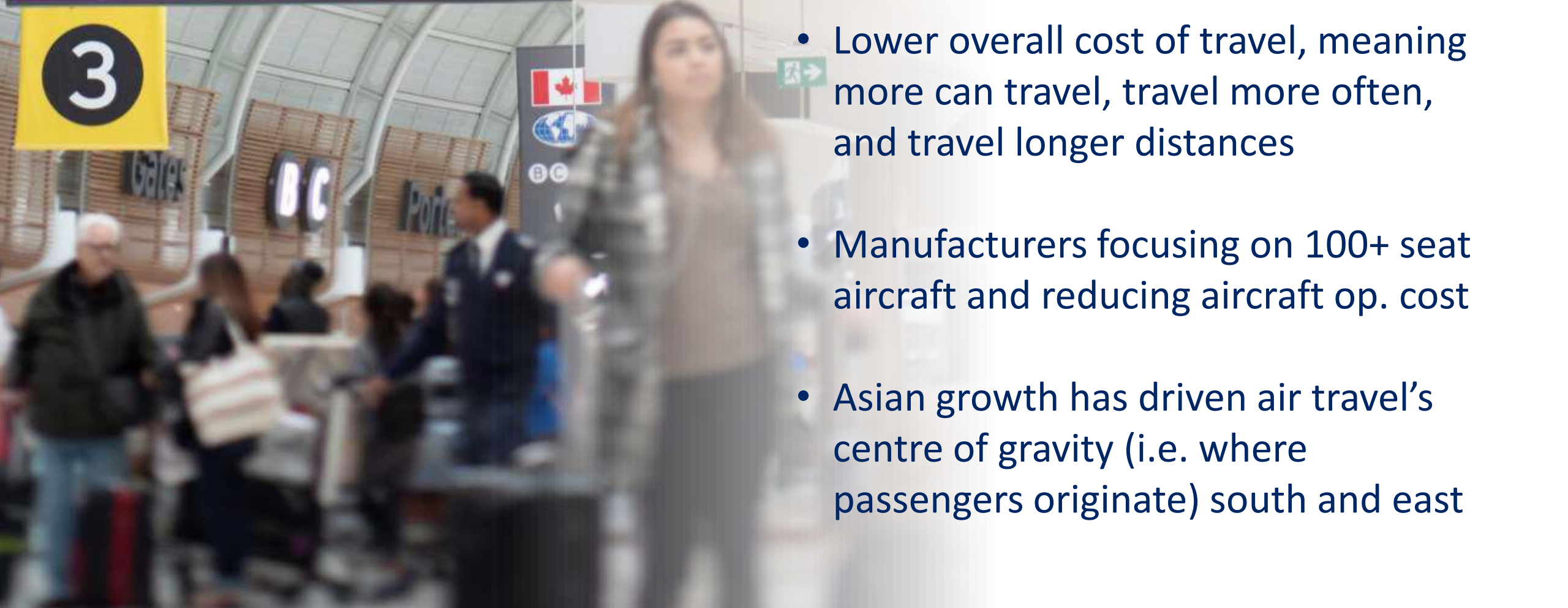
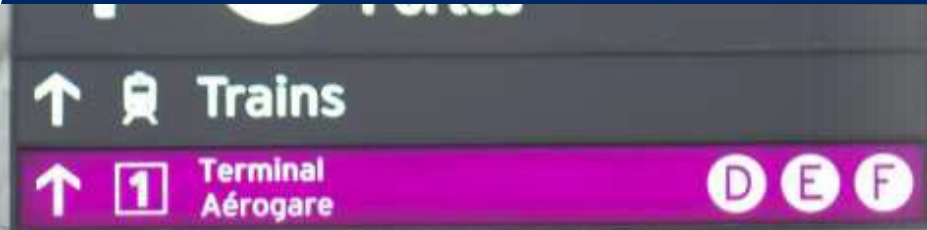
Geneva - The International Air Transport Association (IATA) expects 7.8 billion passengers to travel in 2036, a near doubling of the 4 billion air travelers expected to fly this year. The prediction is based on a 3.6% average Compound Annual Growth Rate (CAGR) noted in the release of the latest update to the association's [20-Year Air Passenger Forecast](#).

*IATA 20 Year Passenger Forecast

Drivers of Growth



Toronto Pearson

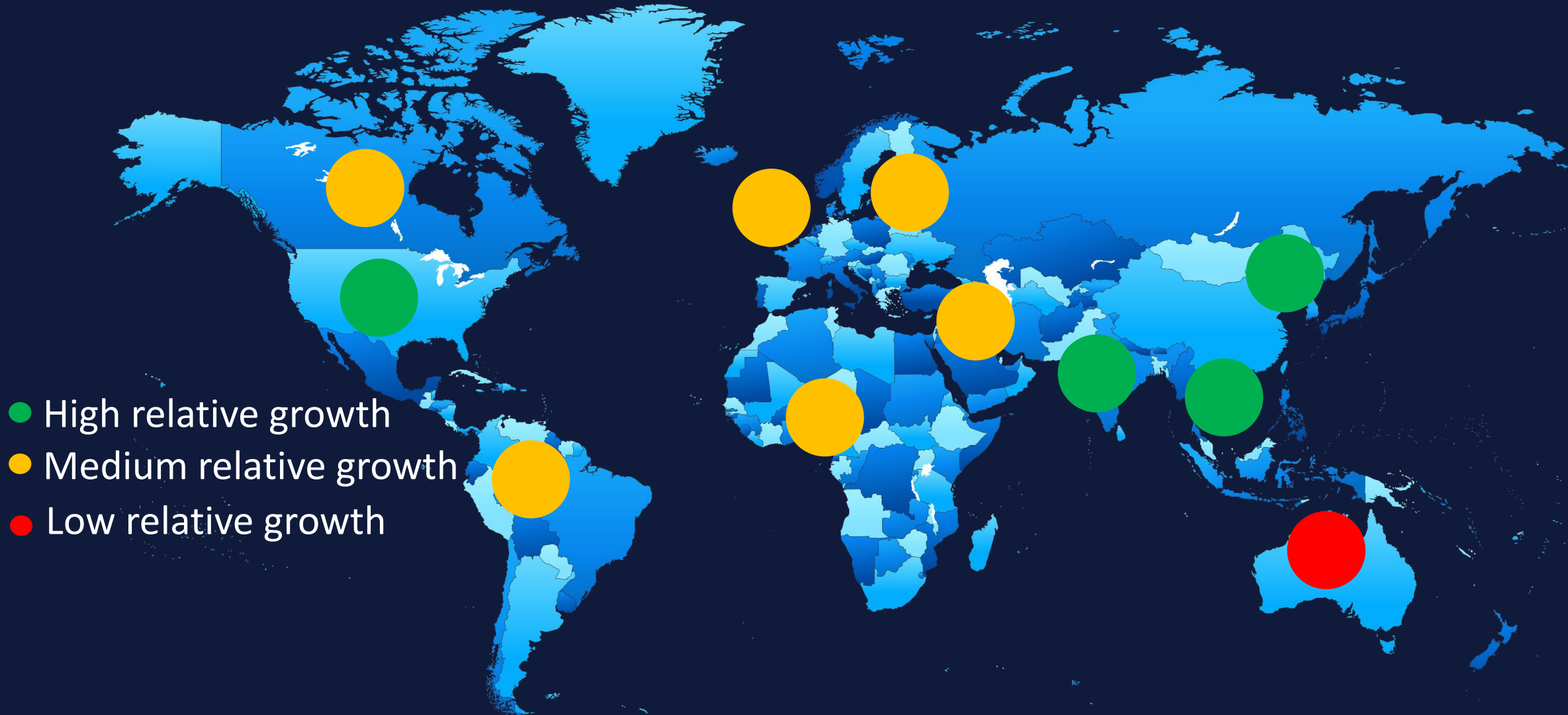


- Rapid growth of emerging economies
- Lower overall cost of travel, meaning more can travel, travel more often, and travel longer distances
- Manufacturers focusing on 100+ seat aircraft and reducing aircraft op. cost
- Asian growth has driven air travel's centre of gravity (i.e. where passengers originate) south and east

Where Pearson's Growth is coming from



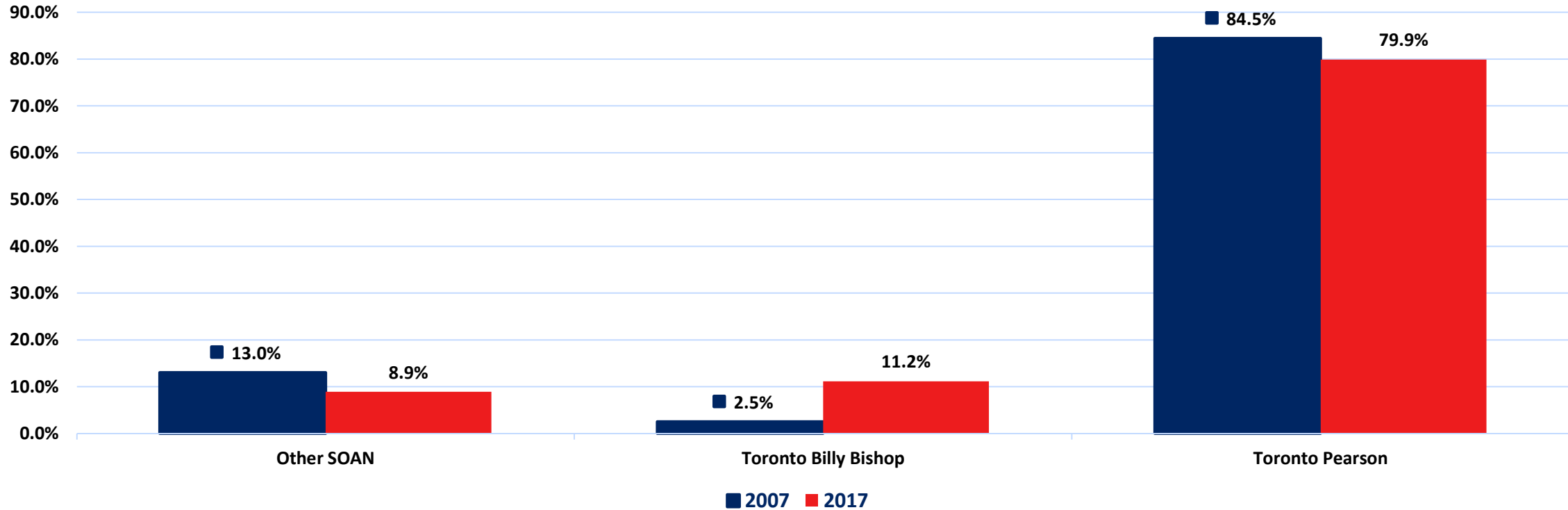
Toronto Pearson



- High relative growth
- Medium relative growth
- Low relative growth



Share of SOAN Air Carrier Movements



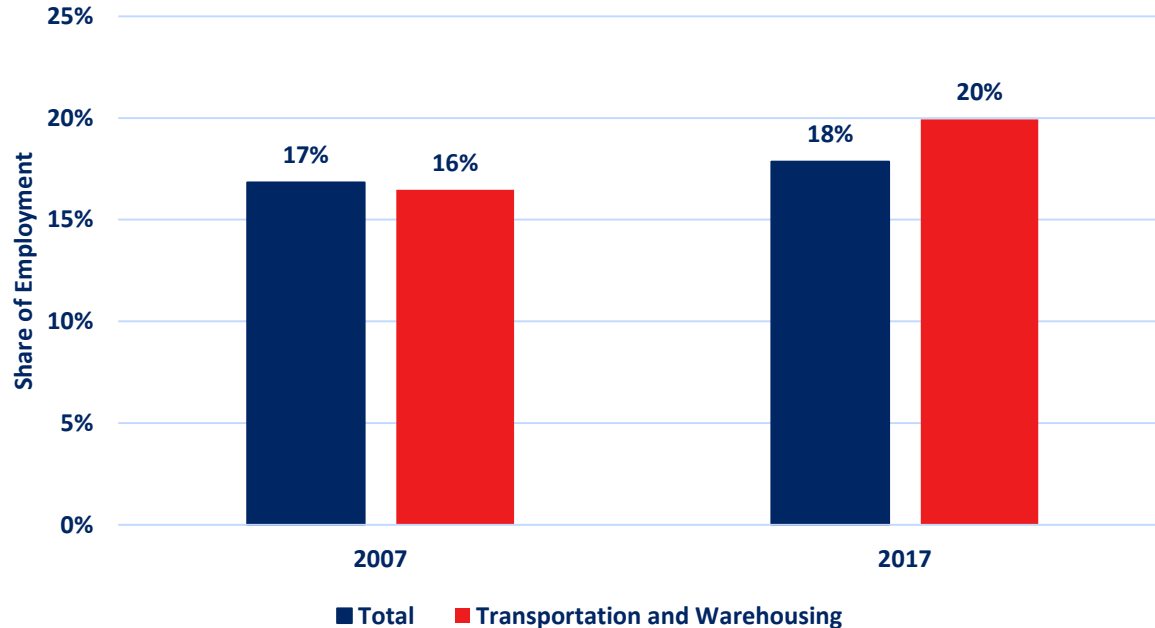
Air carrier networks have become increasingly Toronto focused, both at Pearson and Billy Bishop.

Toronto is Changing

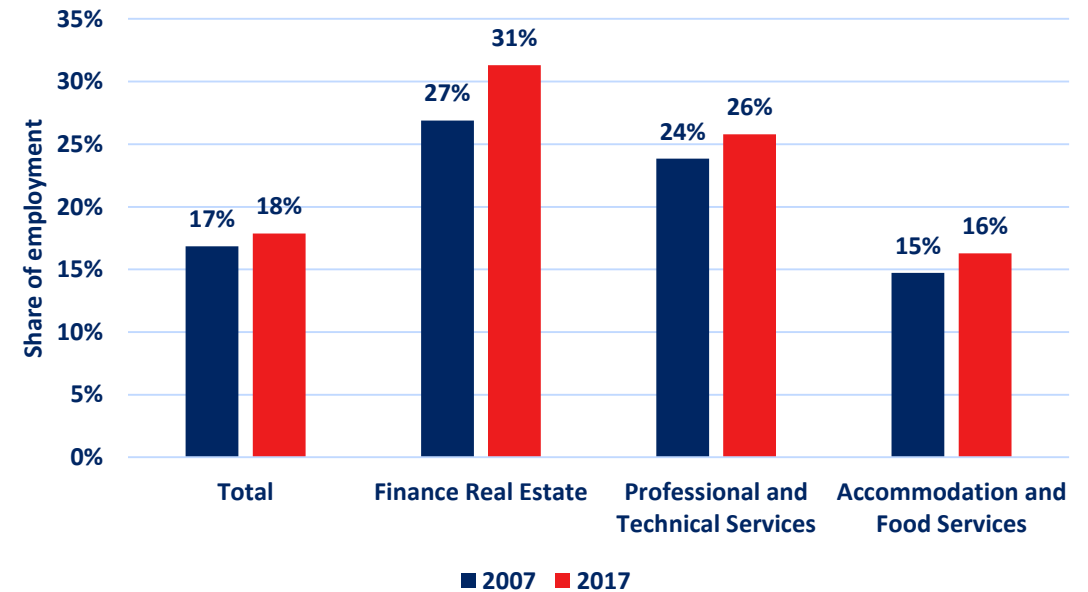


Toronto Pearson

Toronto's share of national employment in transportation and warehousing has increased substantially...



Toronto's share of national employment overall and in industries dependent on aviation has increased too...



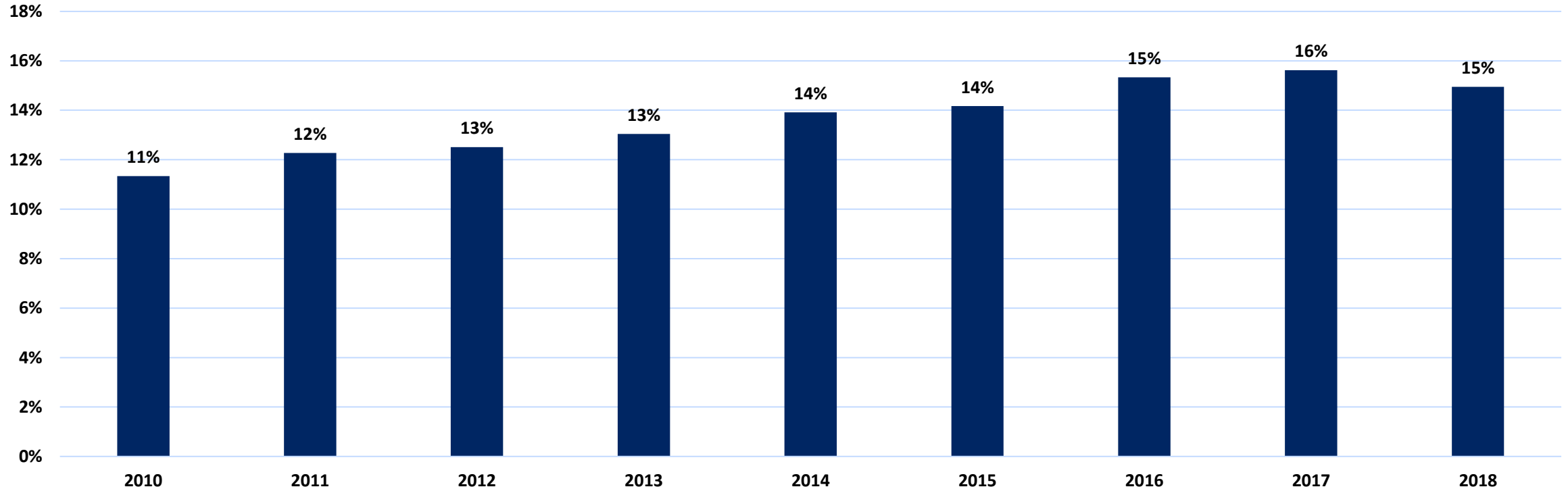
Toronto's industry makeup is shifting. Industries that are dependent on aviation are clustering in the city increasing demand for air services.

Pearson as a Gateway to Canada



Toronto Pearson

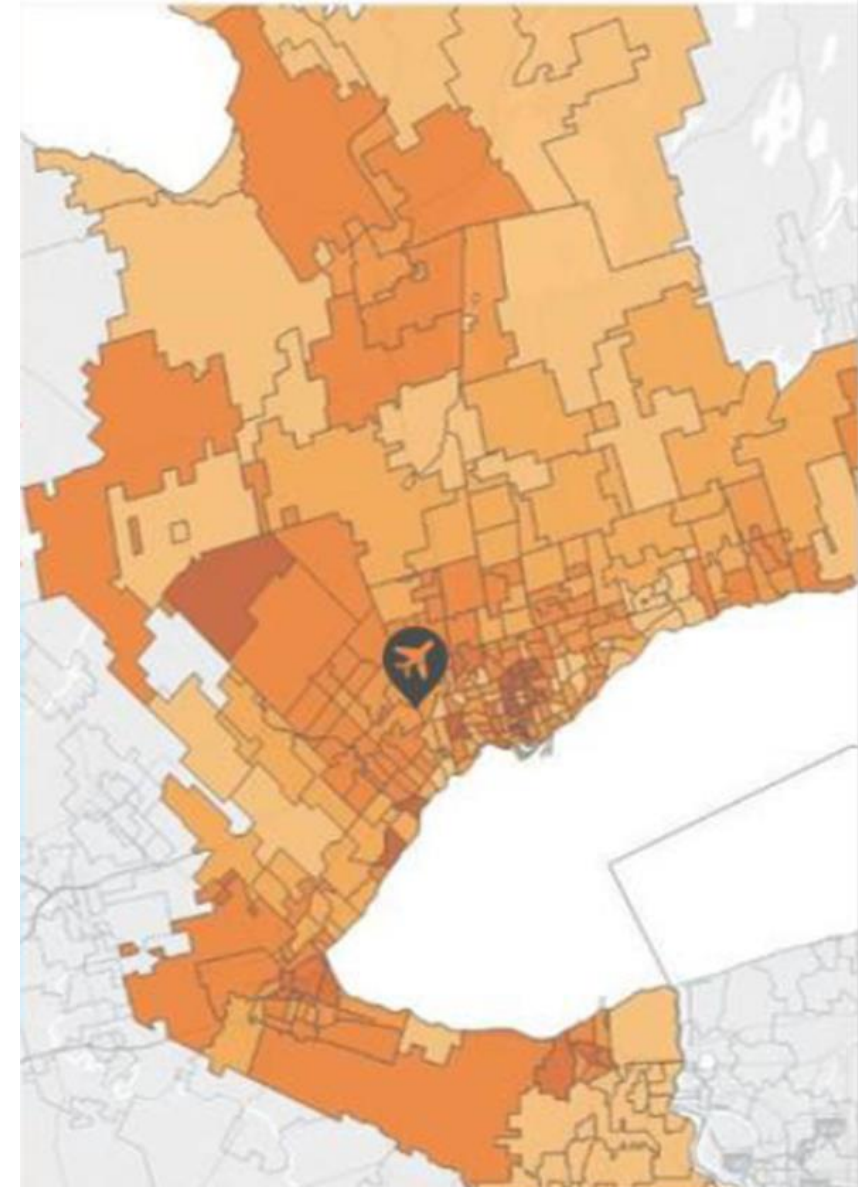
Share of Non-Resident Travellers Arriving in Canada at Toronto Pearson



Toronto Pearson has become more important as an entry point for visitors to Canada reflecting the focusing of air carrier networks on Toronto Pearson and the city as a destination.

Derive passenger demand forecasts using multiple techniques, such as machine learning, and from several different sources including, but not limited to:

- **Indicators tracked by Statistics Canada**
- **Census data**
- **Filed airline slot data**
- **Airline fleet expansion plans**
- **Local, national, and international airport traffic trends**



Thank You



Toronto Pearson

Questions?