

Toronto Pearson Update: Ready to Travel



PRE-COVID: A NATIONAL ECONOMIC ASSET

50,000 direct jobs
at Toronto Pearson

300,000 jobs in the
Airport Employment Zone

\$5.4 billion in federal tax
revenue from tourism

\$42 billion
(6%) of Ontario's GDP

\$25 billion in Outward FDI
\$23 billion in Inward FDI





OPERATING ON **DEBT** FINANCING



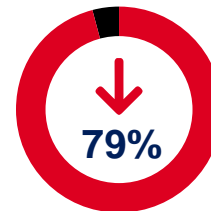
Corporate Structure

GTAA a private, not-for-profit corporate structure with revenue tied to passenger



\$746M Net Income Loss

In the last six quarters, the airport is operating almost exclusively on debt financing; it will take at least 5 years to recover this net loss

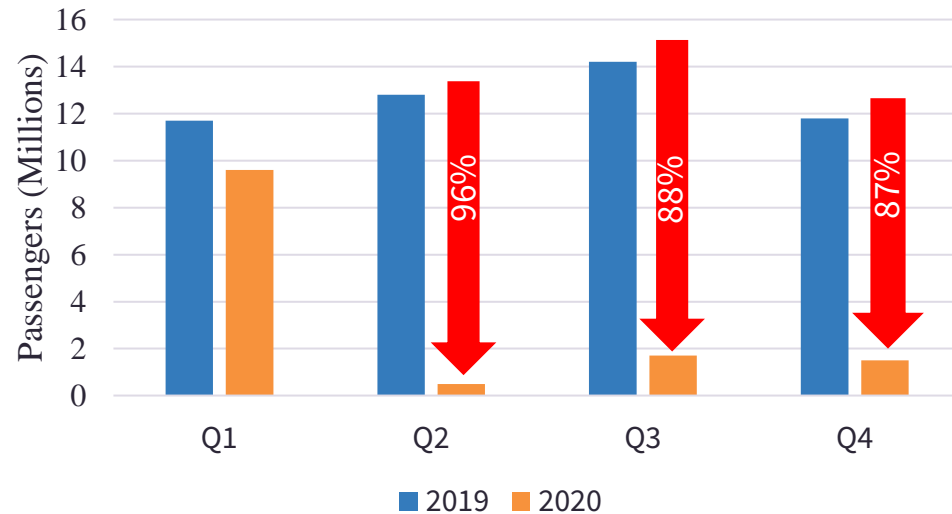


Passenger Traffic Trends

A reduction of 79% in passenger traffic year-over-year through Q2 2021

2020 IMPACT OF COVID

Quarterly 2020 and 2019 PAX Activity



2020 and 2019 Financial Results (millions)

\$ millions	2019	2020	Change
Revenue	1,521	824	(697)
Income/ (Loss)	140	(383)	(523)

Operational and Financial Impact vs 2019

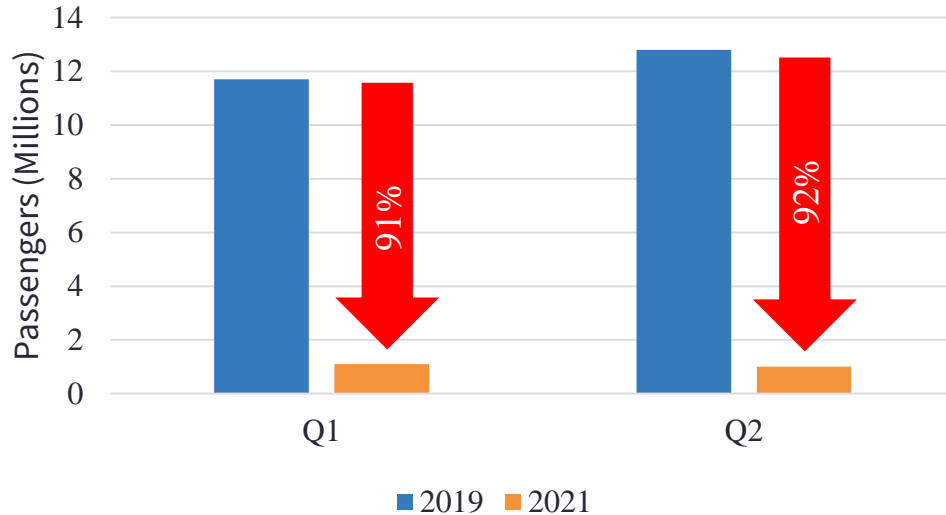
- 74% YoY PAX reduction from 2019
- Financial Loss of \$383 million (YoY reduction of \$523 million)

Mitigating efforts

- Rightsizing organization (reduction: 30% staff, \$97 million op cost)
- Debt Covenant Exemptions
 - Carried out in 2020 and again in 2021
- CEWS program
- Partial 2020 ground rent waiver

2021 AND FUTURE IMPACT OF COVID

Q1/Q2 2021 and 2019 PAX Activity



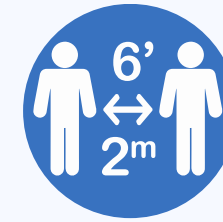
YTD Q2 2019, 2020 and 2021 Financial Results

\$ millions	2019	2020	2021
Revenue	733	525	306
Income/ (Loss)	48	(90)	(245)

- 2021 passenger activity remains >90% below 2019 levels
- Further deterioration of YTD Q2 2021 YTD Q2
 - Loss of \$245 million
- 2021 3% aero rate increase and AIF increase are muted due to low activity.
- Over \$770 million in new COVID driven debt and associated interest burden since December 2019
- Commercial contract relief suppresses future revenues
- Reduced capital spend because of pandemic has future-year impacts – less jobs and less local economic benefits
 - Impacts ability to be competitive in the future



HEALTHY AIRPORT COMMITMENT



- Health of passengers and employees comes first
- Guiding principles aligned with global best practices
- Low touch innovation: autonomous floor cleaners; UV light for disinfection; optimized air filtration and monitoring available to the public in real time
- Awarded “best hygiene” measures in North America
- “When you’re Ready” information campaign to coincide with changes in federal travel restrictions

WHAT WE KNOW: PASSENGER INSIGHTS

Confidence and awareness are high, but travel is confusing....

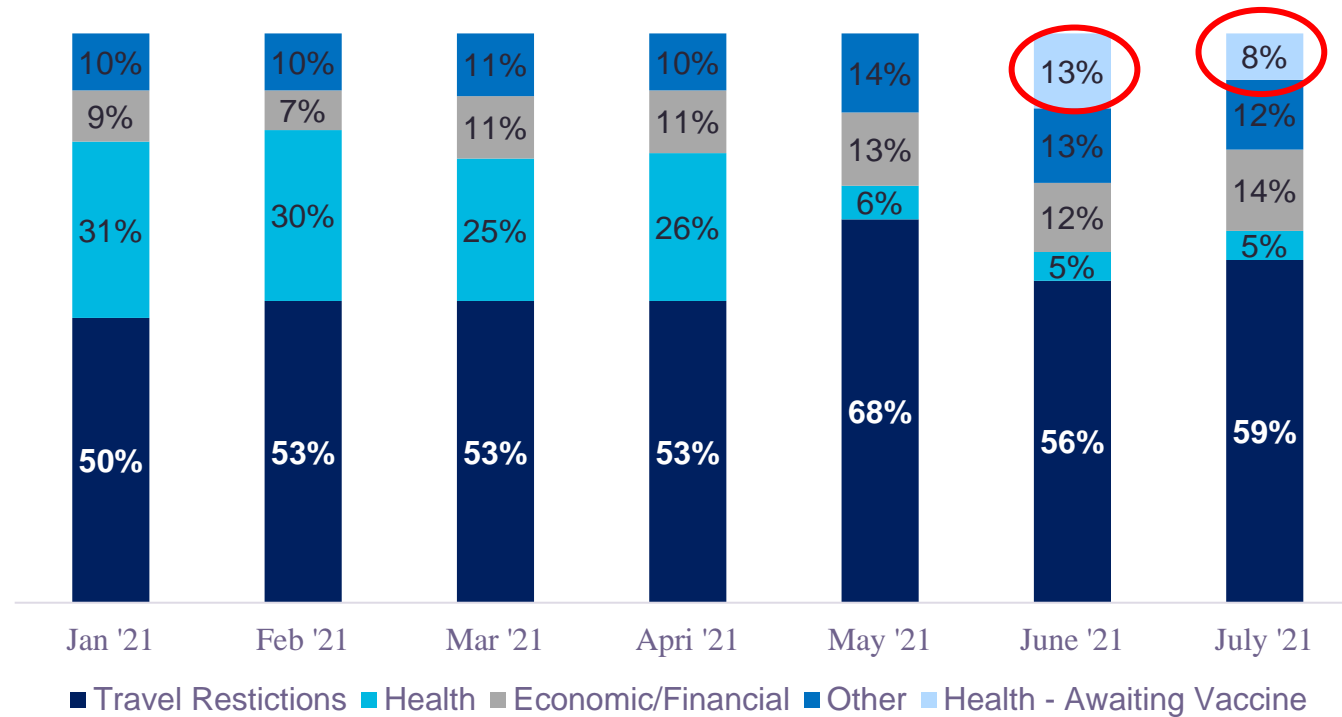
78%

of passengers are confident in YYZ's health and hygiene practices

80%

of passengers are aware of the Healthy Airport measures and practices

Decision to decrease air travel



WHEN YOU'RE READY TO TRAVEL



WHEN YOU'RE READY TO TRAVEL...

WE'LL HELP YOU DO IT SAFELY.



The Government of Canada has slowly begun to lift travel restrictions, including allowing fully vaccinated travellers to enter by air without mandatory quarantine.

Arriving Fully Vaccinated Passengers: Must test before departure to Canada, submit health declarations through ArriveCAN, and are subject to random testing on arrival.

Arriving Non-Vaccinated Passengers: Must test before departure to Canada, on arrival and Day 8, submit health declarations through ArriveCAN.

Toronto Pearson is working in collaboration with airlines, CBSA, PHAC, and testing partners to manage number of passengers arriving and being processed throughout the terminal buildings.

Supporting passengers: Pearson created new web portal + enhanced signage and communications efforts to explain what to expect.

LEADING ON COVID-19 TESTING & SCREENING

Testing is an essential layer to the Healthy Airport program.

2020-2021: Supported pre-departure, arrival testing for passengers and well as testing and screening for airport workers.

July 9, 2021: The National Research Council testing studies ended on July 9th. The research project showed testing to be an effective, sustainable service that could be operationalized at the airport. Working with University of Toronto leading epidemiologists to publish results.

July 12, 2021: Pearson and Switch Health partnered to offer affordable testing services to passengers, employees and community. Airport offers traditional clinic setting as well as a drive-through testing option: PCR, Antigen, and more.

Fall 2021: Launching a voluntary, airport-wide employee screening program, using the at home, self-screen, self-report model with Creative Destruction Labs.



STATUS OF MANDATORY VACCINATION REQUIREMENT



GTAA Supports Requirement for Mandatory Vaccinations in workplace and is consulting with its workforce

GTAA is looking to ensure that the systems brought in for verification and compliance are reasonable, not adding a cost burden to airports and do not impede passenger flow.

GTAA would like to see the following:

- Make the requirement applicable to the entire airport
- Clear direction in regulations to ensure awareness of responsibilities
- Legislative protection to launch our own policies
- Consistency of application across airports
- Attestation by individual companies to airport authorities that they are compliant

FEDERAL PREBUDGET SUBMISSION

GTAA PRIORITY ASKS

Rent Waiver: The Government of Canada reconsider its decision to defer 2021 airport rent and provide a full waiver of rent for 2021 and 2022 given the continuing weakness in our finances.

Border Resourcing: The Government ensures that CBSA is adequately resourced to meet the requirements for expected increases in travel volumes and that the Government engage the US Government to ensure preclearance airports receive the appropriate number of CBP officers.

Digital Credential: The Government of Canada work with industry and global partners to set standards for health verification certificates that can be integrated into existing border and airline processes and consider a national program to fund provinces to digitize health records.

Infrastructure Investment: The Government of Canada continue to fund critical infrastructure beyond its current Airport Critical Infrastructure Programs to support Canada's competitiveness.

Infrastructure Financing: Over the next ten years, the government allow Toronto Pearson to reinvest airport ground rent to critical and strategic airport projects. This would amount to \$1B over the next ten years.

Revenue Opportunities: The Government modernize its duty-free policies and regulations to allow the establishment of Arrivals Duty Free (ADF) and Dual Shop Stores (DSS) at Canadian Airports.

APPLICATIONS FOR INFRASTRUCTURE INVESTMENTS

Applications for Critical Infrastructure Via ACIP Fund:

- ✓ **Technology Transformation (\$38 million)** - investments in low touch kiosks and modernization of border processing
- ✓ **T3 Baggage Hold Facility (\$38.6 million)** - increase capacity to ensure efficient passenger flow; project delayed due to pandemic
- ✓ **Airside Pavement Restoration (\$100 million)** - runway repair to ensure efficient landing and takeoff of aircraft
- ✓ **Eglinton Crosstown West Extension (\$20 million)** - investment to continue studies for development of the Airport Segment of Eglinton Crosstown West Extension
- ✓ **Biosecurity** (to be submitted mid-September) - infrastructure to improve flow of passengers through testing. i.e, software development, walls, seating and other furniture

THANK YOU