

UPDATE ON GTAA OPERATIONS AND FUTURE OPPORTUNITIES

DECEMBER 6, 2022

Q3 2022 OPERATING ACTIVITY & financial results



11.2 Million Passengers

An increase of 135% year over year from Q3 2021, which saw 4.7 million passengers; remains below the pre-Covid 2019 levels at 14.2 million passengers



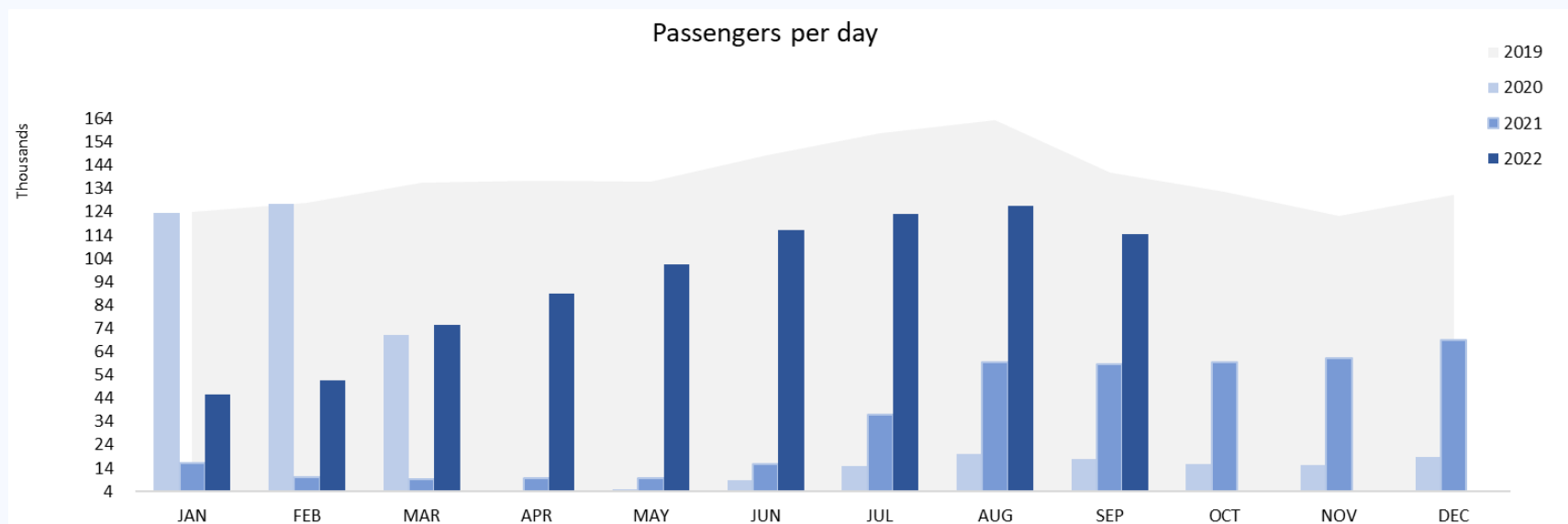
\$73.7 Million Net Income

An increase of \$131 million year over year from the net loss recorded in Q3 2021



\$6.8B Total Debt

Debt decreased \$355 million from \$7.2 billion in Q3 2021 but remains \$440 million greater than 2019



Positioned for Growth

- **Operational stability and ready to focus on growth** — Pearson went from being one of the world's most shut-down airports to one of its busiest in a matter of weeks. The worst is behind us, but challenges remain.
- Toronto Pearson went from 37 per cent of 2019 travel to 78 per cent within 6 months. That is the equivalent of going from an 18 million annual passenger airport in January to a 37.5 million airport in June, growth that took Toronto Pearson 28 years to achieve (1987 – 2015).
- **We need to invest sustainably to meet growing demand** — Passenger numbers have rebounded quickly. We need to plan for the future. This means significant investment in infrastructure, digitization and innovation, while decarbonizing and driving to meet our net zero emissions commitments by 2050.
- **The competition is catching up** — Toronto-Pearson has repeatedly been named North America's best airport. But the U.S. government is pouring \$40 billion into airports for operating and infrastructure. Major upgrades are underway at La Guardia (\$8.5 billion); O'Hare (\$10 billion)/ LAX (\$66 billion.) OAG survey from 6th most connected airport in the world, 2nd in NA, to 19th in the world

Positive difference from Government Policy

- Government Agencies (CATSA, CBSA) and NavCAN have **addressed staffing**
- **Elimination of all COVID travel measures** in October has had a positive impact on passenger flow and travel demand
- **Imbedding Advanced Declaration** within ArriveCan has reduced passenger dwell time at kiosk bringing transaction time down to 40 seconds from 2 minutes with the use of e gates
- **Mobile Passport Control** (MPC) introduced by US-CBP and promoted by Pearson allows passengers to complete their declarations in advance of travel and gets them access to separate, faster line.

Pearson investing to expedite travel

- GTAA invested about \$4 million **in e-gates, new kiosks**
- **YYZ Express** launched in November. It's a free virtual booking system to streamline the passenger flow and ease wait times for travellers flying International and Domestic
- **Increased transparency and predictability.** A new live wait-time dashboard so passengers can better plan their journeys.
- Purpose-built **international student** visa processing areas in Terminals 1 and 3 ahead of September's return to school.



Focused on operational and financial stability

Passenger traffic is returning quickly. The GTAA is seized with creating operational and financial stability as Toronto Pearson grows back to and beyond 50 million passengers. Labour shortages and challenges with passenger flow remain, and the industry is less resilient than pre-pandemic.

For upcoming holiday travel:

- Encouraging travellers to use new tools: Mobile Passport Control (MPC), Advanced Declaration, YYZ Express, real-time dashboard to plan travel. System resiliency remains fragile as we head into holiday travel season – working with agencies, NavCan, and airlines to ensure system is ready for anticipated increased travel.

What's Needed:

- Resume NEXUS enrollments
- Implement a Trusted Traveller Program akin to TSA Pre-Check
- Digitize International Student and Visitor Visa processing
- Return to pre-pandemic staffing and hours at US CBP
- Reinvest airport rent to support passenger flow, baggage and smart digital solutions—\$1B over 10 years
- RAIC-Ready pool of workers to ease staffing shortages and create a community of aviation workers

Working together to develop the future of travel

As we move towards operational stabilization, it is important to begin planning out what is needed for the winter and summer travel seasons to ensure efficient operations.

To that end, GTAA is working with the government through the Air Sector review to plan for the future. The Air Sector review is looking at lesson learned from the pandemic and how to collaboratively share data to improve the passenger travel experience. We have recommended that a focus be placed on the following areas:

Improving Passenger Experience through Digitization

Creating a seamless experience through investment in technology

Collaborating on Data, Service level standards and accountabilities

Data sharing to improve the passenger experience and to make better future planning decisions

Investing in Airport infrastructure to accommodate future growth

Rent reinvestment – investing in passenger journey infrastructure, decarbonization, and infrastructure to return competitiveness