

THE CALGARY AIRPORT AUTHORITY

Bob Sartor, President & CEO

March 17 | 2020

Appointer Meeting



Submitted presentation to Calgary City Council in lieu of in-person presentation March 17, 2020.

- Our team at The Calgary Airport Authority takes great pride in our role moving people and cargo to and from Calgary to points all over the world.
- We do it safely and securely with the interests of all our partners at heart.
- I am pleased to present our 2019 performance and our contributions as a regional business enabler for Alberta.
- I will address the different reality in 2020 with the COVID-19 Pandemic at the end of my presentation.

OUR NORTH STAR



Create effortless and memorable airport experiences that reflect Calgary's legendary hospitality and our region's natural beauty



Develop our people



Deliver a remarkable guest experience



Drive value to airline partners



Diversify and grow our revenue streams



Build on a strong foundation

- In all our initiatives, The Calgary Airport Authority is guided by our *North Star* which defines our goal to enhance the customer experience.
- We have been broadening our focus beyond aircraft, runways and terminal buildings to put more emphasis on the human connections and partnerships that bring life to the airport and economic prosperity to our city.
- Every project we undertake is connected to this strategy and advancing our goals of developing our people, delivering remarkable guest experiences, driving value for our partners, diversifying and growing our business and building on our strong foundation.

- Our mandate is very clear on what our over-arching priority is:
 - To safely, securely and efficiently run both Calgary and Springbank airports.
 - And to advance economic and community development.
- We see our role as critical to the region's economic interests with continued growth opportunities to move people and products around the world.

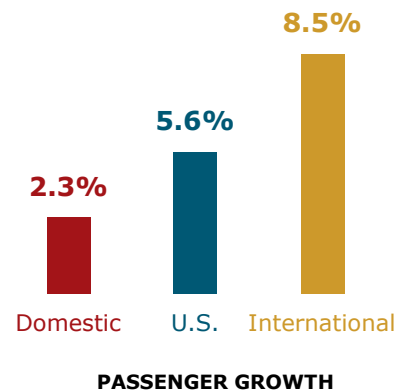


- YYC's economic contributions are significant and we are cost competitive on a national scale for new and expanded markets.
- Our performance in 2019 was encouraging despite challenging economic conditions for our city and region.

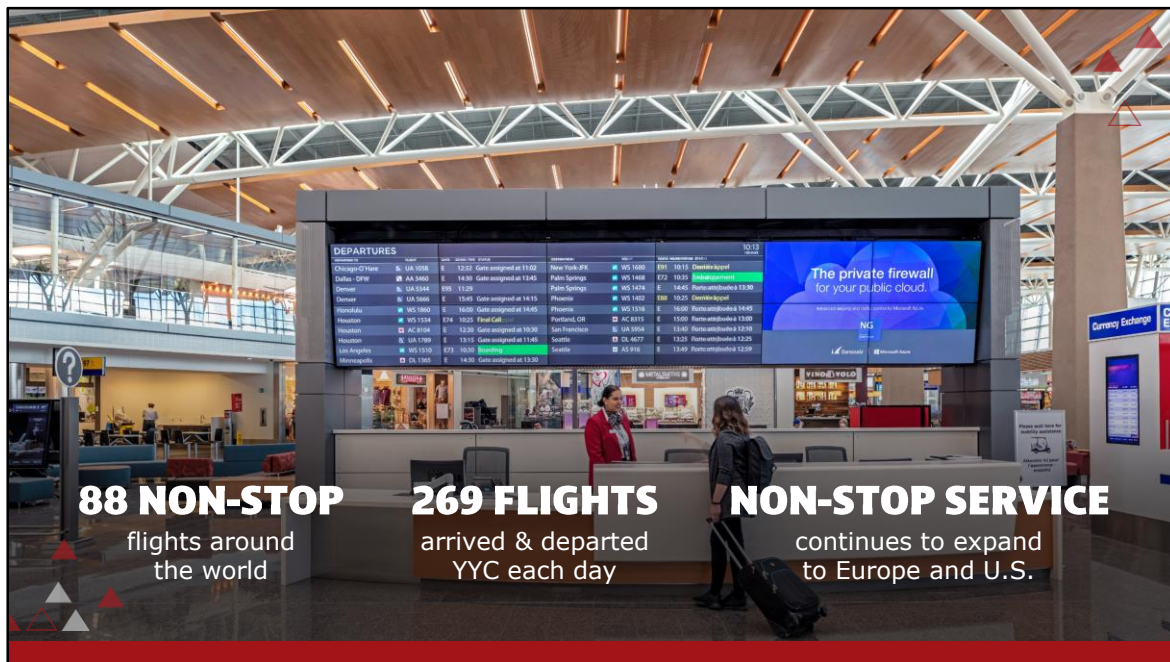
2019 GROWTH

**YYC welcomed a record
18 million guests in 2019**

➤ **An increase of 3.5% from 2018**



- 18 million guests moved through our airport in 2019, think about that for a second.
- That's a substantial volume of traffic for a city of 1.3 million people, we are punching well above our weight for the population of the region.
- It's a 3.5 per cent increase – equating to 600,000 more guests than 2018. Every segment – Domestic, U.S. and International – all saw growth.
- And, that's with the grounding of the 737 MAX 8, which represented a significant seat loss at our airport ~300,000 seats or 2,300 flights.
- YYC was the fourth most affected airport in North America by the 737 MAX grounding and eighth in the world because both WestJet and Air Canada relied heavily on those aircraft for service to Calgary
- Despite this, we grew passenger volumes as we continue to drive connections.



- YYC is Calgary's gateway to the country, continent and world with 88 non-stop flights to destinations around the globe.
- An impressive 269 flights arrive to and depart from YYC each day.

NEW ROUTES



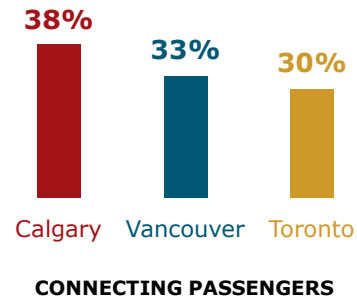
New routes added in 2019, including:

- Paris
- Dublin
- Atlanta
- Austin

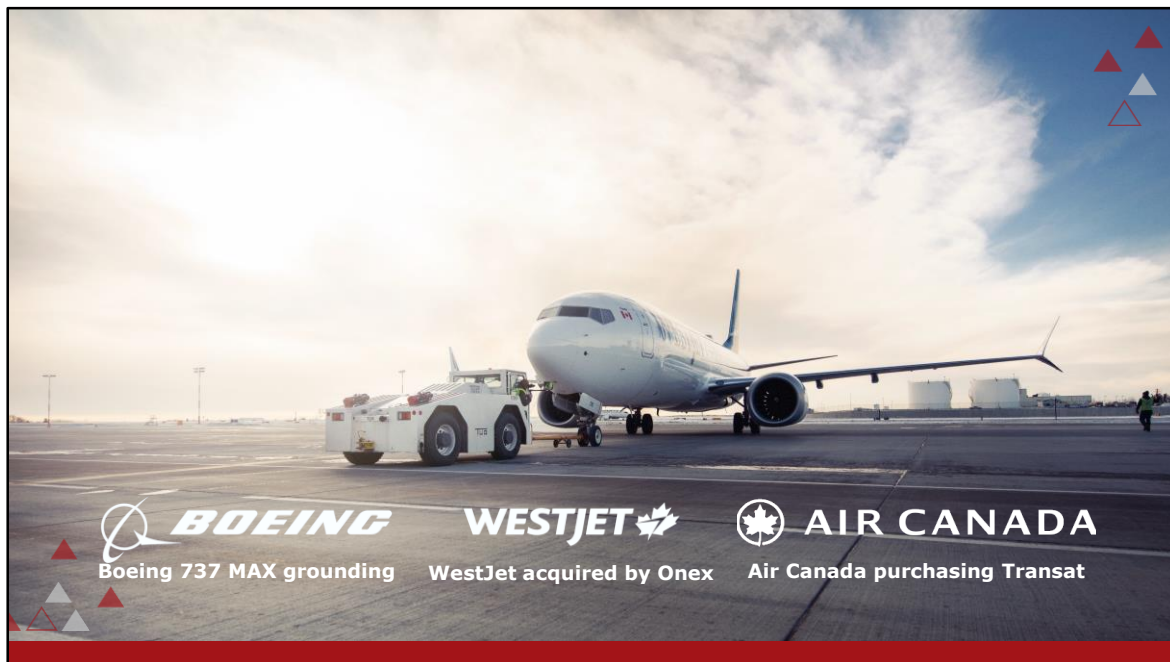
LEADER IN CONNECTING FLIGHTS

In 2019, 38% of all guests were connecting passengers

✈ **Making YYC the leader in Western Canada**

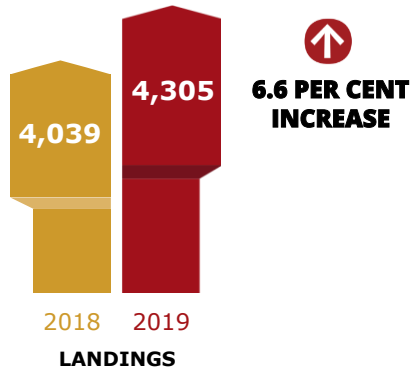


- Our growth is fueled by Calgarians and by connecting guests.
- In 2019, 38 percent of all passengers were connecting through YYC.
- That's the highest percentage of connecting guests among major Canadian airports.
- It means we're not just reliant on passengers starting their journey here, but others connecting from flight to flight.
- Our airport's expansiveness and reach has led to accolades. OAG, the global travel data analytics firm, has recognized Calgary as the most international airport of its size due to the number of routes we fly.



- 2019 saw some game changing announcements.
- As a business we had to quickly adapt to many outside impacts, particularly in the aviation industry:
 - Of note, the previously mentioned grounding of the Boeing 737 MAX 8.
 - Ownership changes of our number one carrier (WestJet now owned by Onex).
 - And the purchase of our number five carrier (Transat by Air Canada).
- While we do not play a role in these decisions, we can ensure YYC is supporting our partners and their passengers, and communicating the clear value we can contribute to their businesses.

SUCCESS IN CARGO



- Our growing cargo business is another example of our broadened role as we efficiently move product from suppliers to their networks and ultimately to end-use customers.
- In 2019 we had 4,305 landings, up almost seven percent from prior year. And, that number does not include the significant amount of belly cargo on passenger aircraft.
- Our success in moving goods is illustrated by the growing number of e-commerce companies locating near the airport.
- In addition, our highly specialized facilities safely facilitate the movement of panda bears, prized show horses for competitions at Spruce Meadows, and beautiful exotic and rare flowers.

ECONOMIC DRIVER

- ➔ **We are a hub of economic activity for our region**
- ➔ **We drive the tourism economy and increase cargo commerce**



LARGE
taxpayer to the
City of Calgary



\$8 BILLION
is generated by YYC
toward the city's GDP



24,000+
people are employed
on YYC Campus



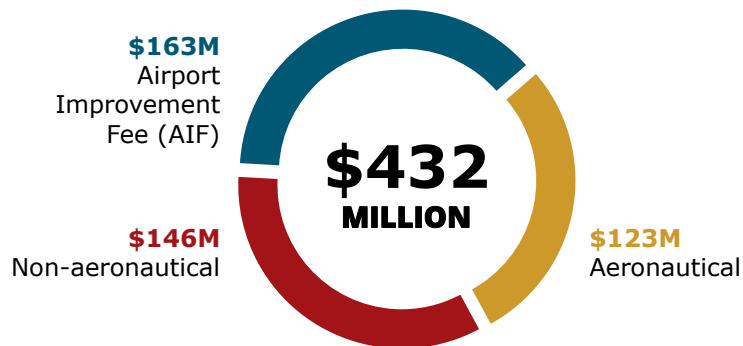
50,000
jobs in the Calgary
region are tied to YYC

- When it comes to growing the aviation part of our business, we have an integrated and coordinated strategy.
- And our continued growth supports increased economic contribution to the regional economy:
 - 24,000 people work on the YYC Campus and approximately 50,000 direct and indirect jobs are tied to YYC.
 - We generate approximately 8 billion dollars in GDP for the city, diversifying this evolving economy.
- We are a data driven organization and use specialized software to inform us where Calgarians or connecting passengers are travelling to. We don't just pitch to airlines, we coordinate with the destination airport. This delivers results: driving the tourism economy and increasing cargo commerce.



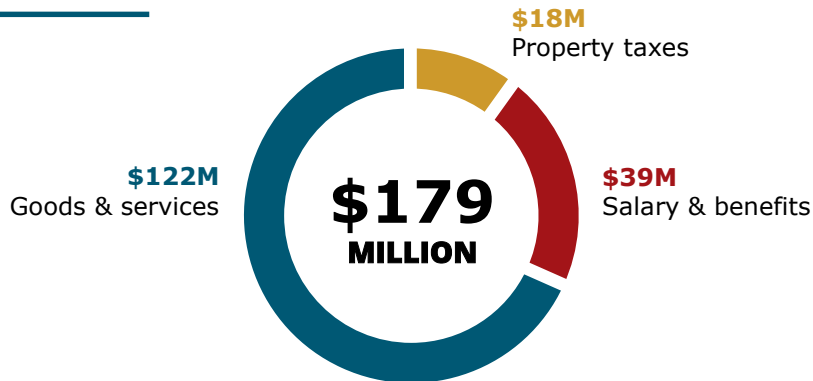
2019 FINANCIAL PERFORMANCE

REVENUE TOTALS 2019



- Our 2019 Revenues totaled approximately \$432 million.
- There are three ways for us to generate revenue: Airport Improvement Fees (AIF), Non-aeronautical and Aeronautical.
- We are focusing on enhancing non-aeronautical revenue to keep aeronautical and AIF fees low.
- YYC receives no funding from any level of government.
- 100 per cent of AIF revenue of \$30 per originating passenger is reinvested into YYC to maintain and grow our airport.

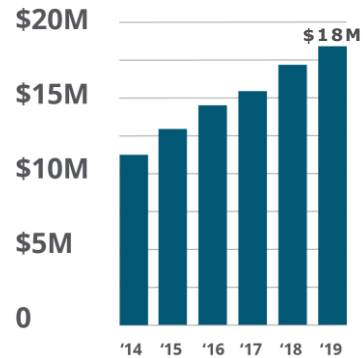
OPERATING EXPENSES 2019



- We have focused on keeping operating expenses low, and finding efficiencies where we can.
- Goods and Services along with Salary and Benefits take up the majority of the \$179 million spent in 2019.
- And we paid over \$18 million in property taxes to the City of Calgary.
- This doesn't include the federal rent we pay.

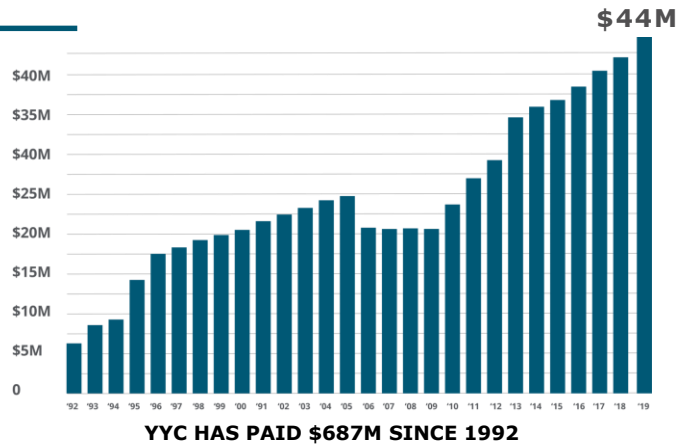
PROPERTY TAXES

**YYC has paid over \$90M
in property taxes to the
City of Calgary since 2014**



- Since 2014, we have paid over \$90 million dollars to the City of Calgary in property taxes.
- This contribution does not include many of the additional city service we contract at an added cost:
 - Calgary Police Service
 - Calgary 911 Dispatch

FEDERAL RENT



- The Calgary Airport Authority paid approximately \$44 million in federal rent in 2019.
- Since taking over management of YYC in 1992, we have paid \$687 million to the federal government.
- Again, we do not receive funding from any level of government.
- We are solely responsible for the operations and development of YYC.

AIRPORT VICINITY PROTECTION AREA (AVPA)

YYC worked with the City and Province to update the AVPA

- **Support low-density developments**
- **Removal of restrictions on secondary and backyard suites**



- We're pleased with the updates to the Airport Vicinity Protection Area (AVPA), which is vital to YYC's future.
- It's been a team effort with the City and Province.
- The changes support low-density developments, including the removal of restrictions on secondary and backyard suites in Mayland Heights, Vista Heights and Inglewood.
- Let me emphasize it is critical that, as YYC continues to grow, the operational life of the facility continues to be protected through the AVPA.



- We view ourselves as more than an airport and everyday we work to enhance our role as an important, strategic partner to our stakeholders and guests.
- 2019 was a year of achievements that drove value for our partners and provided remarkable guest experiences.
- I'd like to share of few of those successes now.



WESTJET DREAMLINER

- We celebrated the launch of WestJet's Dreamline service to Toronto, London Gatwick, Paris, Dublin and Maui.
- We're also home to that airline's Dreamliner hub and hangar.
- WestJet had announced additional Dreamliner service to Rome, but that may be impacted by the Coronavirus pandemic.
- I'll share some more information about that shortly.



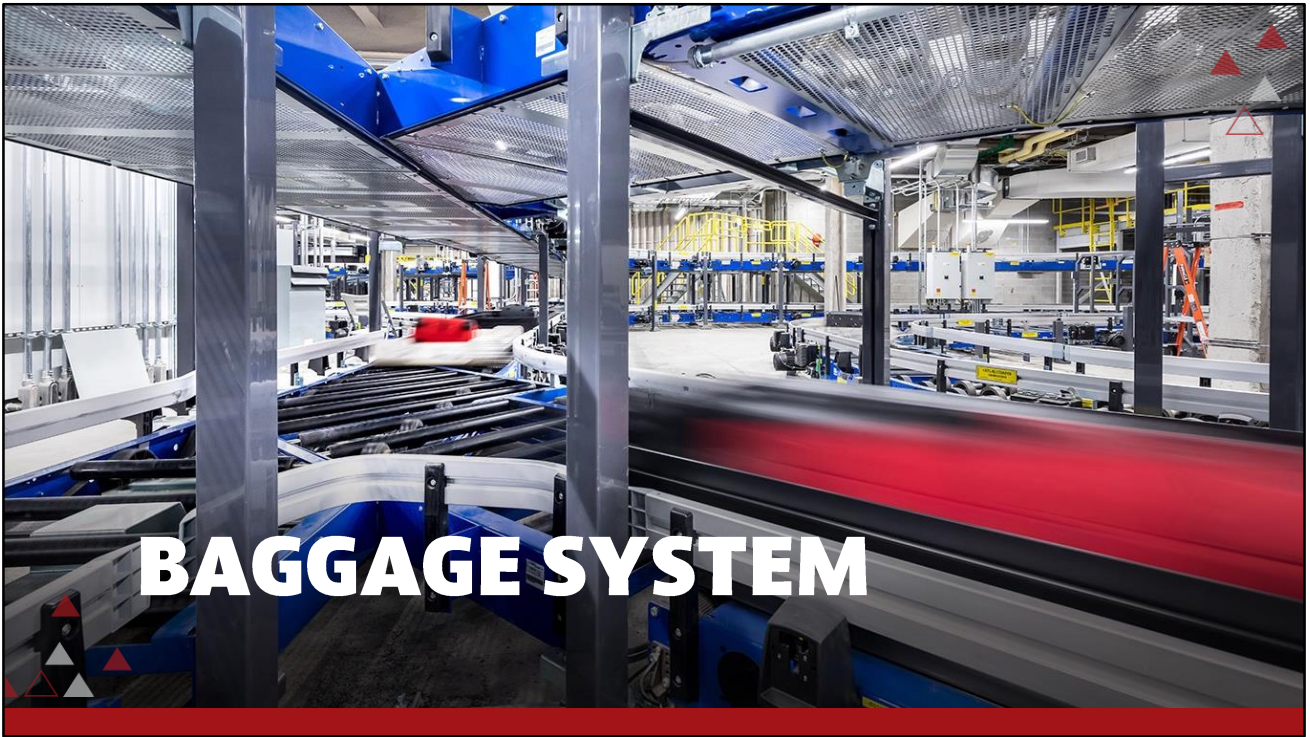
NEW AIR CANADA A220

- You may have seen last month, we made history with the first A220 commercial flight in Canada.
- The maiden flight from Montreal to Calgary by Air Canada is part of a big change the aviation industry.
- The Airbus 220 is the most fuel efficient and quiet aircraft in its class.
- Its range will open up new destinations for our guests.
- With this aircraft and the 737 MAX which we hope will return in 2020, “skinny” routes like Boston, Washington and Miami will become possible for our airport.



CENTRALIZED DEICING

- To improve on time departures, we have centralized our airline partners' deicing operations at YYC.
- We have stopped deicing on the gates and now complete this at two specially designed pads.
- By having the airlines use a single provider in centralized locations it speeds up the process and we can recover and recycle more deicing fluid.



BAGGAGE SYSTEM

- We have the most advanced baggage system in the world that went into full operation in 2019.
- 17.4 km of track connecting our domestic and international terminal.
- 75 per cent more efficient than conventional conveyor system.
- Real time tracking of every bag in the system.
- 30,000 bags every day.



- We made international travel easier with brand new Primary Inspection Kiosks.
- Working with the Canada Border Services Agency, we also promoted the use of their smartphone app, which speeds up the time at the kiosks.
- This year, we will be upgrading to facial biometric kiosks for NEXUS members and ultimately for all travelers to create a seamless arrival in Canada from selected countries.



- We opened a third security screening point at Concourse B to decrease waiting times for domestic guests.
- This has helped decrease wait times.
- This is an interim project, as we work to centralize all domestic screening in our domestic terminal in the future.



- Guests told us they wanted new eating and shopping options post-security.
- We listened and acted.
- In 2018, we launched a two-year, 50 unit refresh, including new concepts like The Burger Federation, Flames Grill and Made Foods. We're on target to complete this program this year.

TERMINAL UPGRADES

A reflection of our community and region

- Our effort to add a sense of place for guests through engaging design



- Our airport needs to be a reflection of our community and region.
- And so we're underway in upgrading our terminal.
- We've been working to build a sense of place into our airport.
- Our long-term thematic plan reflects our city and region's natural beauty and showcases the unique vibrancy of our local scenery and people.

2020 PROJECTS

We have a number of key projects we're building for the future

- **Airport Trail Interchanges Project**
- **WestJet Check-In**
- **Planning work begins for Centralized Check-In**



- Looking ahead, we have a number of key projects we're working on for 2020.
- One of the major ones is the Airport Trail Interchanges project, led by the City of Calgary.
- The project will add two interchanges on Airport Tr. NE; one at 19 St. & Barlow Tr.
- The new interchanges will help manage the movement of goods, services, and people on Airport Trail into and out of YYC Calgary International Airport.
- Construction will take two to three years, so guests will be warned to leave extra time to get to the airport.
- We will open the WestJet Domestic Check-in area at the north end of our terminal this summer.
- We are also beginning work on centralizing our screening for domestic passengers to speed up passenger flow.
- We'll have more information on that later this year.



- Finally, I'd like to address some of the global challenges we will face this year with the Coronavirus (COVID-19) pandemic.
- This will be a difficult year for us, as it will be for all airports and airlines around the world.
- We will be looking carefully at our passenger numbers as we seek to adapt our capital and operating spending.
- In the meantime our focus is on the safety and security of our airport for staff and guests.
- We are working closely with the Public Health Agency of Canada and Alberta Health Services as they lead the response.
- We have doubled the frequency of terminal cleaning according to public health standards and have the necessary supplies in stock to do so.
- We continue to reinforce personal hygiene messaging throughout the terminal, including signage encouraging handwashing in all our washrooms and digital screens.
- Extra hand sanitizer dispensers have been placed throughout the airport.

THANK YOU

Questions?

YYC CALGARY
AIRPORT
AUTHORITY

Thank you.