

Passenger first[®] Our Corporate Culture



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Message from the Chair of the Board

In 2010, when I joined the Board of Aéroport de Québec Inc., the company's action plan included one particularly ambitious goal i.e. putting in place the necessary capacity to serve 2 million passengers by 2020. As we near our organization's 20^{th} anniversary and as the Chair of Québec City Jean Lesage International Airport (YQB) I am proud to say that this goal is about to be met and even surpassed. For the 17^{th} year in a row, YQB's passenger numbers grew, reaching 1,774,871-a 6.2% increase.

As we grew, so did our recognition: YQB received numerous national and international awards and nominations this year. These awards are a testament to the hard work, skills and knowledge of our management and staff. They also help the Québec City area shine both domestically and abroad. We deserve to be proud of that.

This recognition would not be possible without the dedication of our entire team, from YQB's employees to every employee of our business partners, who share our organization's values and give their all every day. Thank you and bravo!

I would also like to acknowledge the exceptional work of the people on our Board of Directors. Whether it's through their cooperation, their attachment to our organization's values or their sincere desire to make Québec City Jean Lesage International Airport a powerful driver of local economic development, they have all used their individual strengths and networks to make our organization successful.

Because I am ending my term as an administrator and chair of the Board this year, I feel it's important to recognize the hard work and contributions of everyone on the Board who has worked with me over my seven years at the head of the Board. I would also like to welcome the new members of the Board of Directors who, I am sure, will use their talent and do their best to ensure the longevity of our organization.

As I conclude my term, I would also like to look back on some of the important milestones in our airport's development.

The first thing that stands out is how much YQB's facilities have changed over the past nine years. Many of the physical facilities that we had at the start of my term were demolished to make way for new, modern, technologically-advanced and often cutting-edge facilities. The international terminal, fire station, vehicle maintenance garage and multilevel parking are just a few examples of YQB's incredible transformation over the past few years.

Naturally, all of these projects required extensive planning and continuous hard work from our employees and sub-contractors. For that, we thank them sincerely. What's more, all of our projects have been delivered on time, to the extent planned, and within the budgets set by our Board of Directors.

I would also like to recognize, once again, the exceptional work of our President and CEO, Gaëtan Gagné, through the organization's redeployment following the privatization of Aéroport de Québec Inc. in November 2000. Working alongside him these past seven years as the chair of the Board of Directors has shown me that he is a man of many strengths, with an extraordinary vision and a determination to achieve our corporate objectives. He has been attentive to the requests of the Board of Directors, aiming to do what's best for all stakeholders but always putting the passenger first. He also successfully implemented parts of our vision for the future and rallied the organization's senior management around it.

After the new international terminal is completed at the end of the year, YQB's next step will be to implement a U.S. Preclearance facility. Throughout my term, the idea of this centre has drawn constant interest from the Board and the entire organization. I strongly believe that the concerted efforts of everyone involved will allow this vision—which will provide a major boost to our area's economy—to become a reality.

In conclusion, I hope that the community and the people of Québec City will continue to support Québec City Jean Lesage International Airport as strongly as they have been. Their dedication is reflected in our satisfaction surveys year after year. Like me, the people of the Québec City area can be proud of the accomplishment and growth of our airport, which has become a true, powerful driver of economic development in our region. That same growth has allowed it to continue with its *Passenger First*[®] mentality, which remains the airport's top priority.

André Fortin, CPA, CA, ASC, Lawyer Chair of the Board

Message from the President and Chief Executive Officer

It is with some serenity and a sense of accomplishment that I recently announced my retirement. The years I have spent at the helm of Québec City Jean Lesage International Airport (YQB) have been some of the most exciting of my career. We have faced many challenges since I became a board member in 1997. I have been with Québec City Jean Lesage International Airport for more than two decades, first as a member of the Board of Directors (1997–2019), then as Chair of the Board and President of the Executive Committee (2001– 2009), and, finally, as President and CEO since 2010.

My greatest source of pride is the fact that YQB's passenger traffic has grown from 643,000 passengers in 2001 to 1.775 million in 2018. The number has almost tripled, and it's no accident. It's the fruit of a wellorchestrated plan that has focused heavily on *Passenger First®* since 2006. This plan has also benefited from nearly \$500 million in investments since 2005, particularly for the 2008 construction of the domestic terminal and the international terminal inaugurated in 2017.

I am also incredibly proud that during my time at YQB, its air service has improved to the point that airlines have been competing over several routes, driving ticket prices down substantially to the benefit of our passengers.

Of course, we have faced challenges, such as decreased traffic after 9/11, but the results speak for themselves. YQB is now a source of pride for our region and our stakeholders have shown unshakeable trust in us. Consider the facts:

- In 2010, 2011 and 2013, YQB was named the best airport in North America in the 0 to 2 million passenger category by Airport Service Quality (ASQ), a global survey to measure passenger satisfaction led by the Airports Council International (ACI).
- Our VIP lounge, which consistently brings in nearly 60,000 visitors a year, has been named North American Lounge of the Year multiple times by Priority Pass, an organization that evaluates nearly a thousand business lounges around the world.
- 95% of people in the area supported us as we sought to create a U.S. Customs preclearance centre at YQB. The result: On March 10, 2016, Canadian Prime Minister Justin Trudeau and American President Barack Obama made an agreement to open a centre in Québec City.
- People in Québec City have supported us through our expansion projects, with approval ratings sitting at over 85% for more than 8 years according to surveys.

I am especially flattered that thirteen of the largest financial institutions in Canada loaned us \$315 million for our development projects, at excellent interest rates and for terms of up to 30 years. It pleases me to see that these independent institutions believed in our projects strongly enough to invest in it for such a long term. The Canadian financial markets have clearly trusted us, and investors see us as a source of wealth for many years to come.

We have also earned the trust of our governments. Since 2008, the federal and provincial governments have supported the development of YQB through total investments of \$136 million in the form of grants and contributions, a sign of confidence and an undeniable commitment to the importance of our area on the Canadian airport market.

I am also excited to see that our employees share our pride in our airport, and that they're even serving as ambassadors. This is reflected in our weekly employee satisfaction surveys. What's more, our collective work contracts extend through 2020 and 2021, guaranteeing a healthy work environment in a time of labour shortages.

Of course, I am extremely proud of these past accomplishments. However, I also strongly believe that YQB has a brilliant future ahead.

Many credible international sources believe that air traffic will double in the next 15 years. This will certainly affect air traffic at YQB, and I can confidently say that we are ready to face the challenge.

Our work towards receiving a U.S. Customs preclearance centre is an excellent step in that direction, and we are working very hard to deliver the project while ensuring equitable access to preclearance for our passengers compared to other Canadian centers.

I strongly believe that an airport is a powerful tool for economic development. This will only become clearer as time goes on.

Similarly, I have sought to connect Québec City to the rest of the world, knowing that YQB would be an important part of the prosperity of our area. We can have the most creative businesses and most productive factories and we can produce the best products in the world, but in terms of labour and regional development, it is all useless if we cannot travel or transport our products quickly and efficiently around the world.

The keyword here is "connectivity." A well-connected region draws investments, has better commercial activity, increases tourism and encourages overall productivity.

The Internet allows us to connect data. Airports play a similar role in the real world. It's part of the physical Internet. Airports are economic engines; they are essential for any area that wants to prosper.

My goal is also to put us in a position to welcome the coming changes to our industry, which will directly affect passengers. In the near future, we can expect to see electric aircraft, planes that can take off and land vertically, driverless cars and blockchain technology, all of which will radically transform our industry. My team is aware of these trends of our industry.

Additionally, simply knowing that YQB currently supports nearly 6,000 full-time jobs across Canada (according to the Conference Board of Canada), and that this number will double as YQB continues to grow, is a huge source of pride. It is thanks to your confidence in us that we have been able to accomplish great things together.

I would like to thank you sincerely for a wonderful time at YQB, filled with exciting projects. It would not have been possible without teamwork, and we can all be proud of that accomplishment.

Gaëtan Gagné, C.D., LLIF, C. Dir., ASC President and CEO



Board MEMBERS

President, Imafa Inc.

Ex-officio Member

of All Committes

Board Member since 2010

Nominating, Governance,

and Human Resources

Chambre de commerce

et d'industrie de Québec

Corporate Director

Committee Chair

the City of Québec

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Planning and Development

Board Member since 2012

Board Member since 2016

Committee Member

Appointed by

Appointed by the Citv of Lévis

Board Chair



ANDRÉ FORTIN CPA, CA, ASC, Lawver



FRANCE BILODEAU FCIA, CFA, ASC, Actuary



JEAN-GUY PAQUET C.C., G.O.O., ASC. Enq



President and CEO, Coveo Planning and Development Committee Member Appointed by the Board of Aéroport de Québec inc. Board Member since 2013

GAËTAN GAGNÉ C.D., LLIF, C. Dir., ASC

GILLES

PIERRE

lawver

DENIS

CPA, CA

THERRIEN

FILIATREAULT

Appointed by Chambre de commerce et d'industrie de Québec

President and CFO

Board Member since 1997

Nominating, Governance,

and Human Resources

Appointed by the Board

Committee Member

Director, AQi





Committee Member the City of Ouébec Board Member since 2016



ALAIN APRIL

Appointed by the City of Québec Board Member since 2012

Co-owner and General

Manager, Le Bonne Entente

Audit Committee Member

Nominating, Governance,

and Human Resources

Committee Chair

Appointed by

ASC. Adm.A

Chambre de commerce et d'industrie de Québec Board Member since 2010



Board Member since 2018 LISE LAPIERRE FCPA, FCA, ASC

RENÉ

MAP

ROULEAU



President - Lapierre -Finance & Gouvernance Audit Committee Chair Appointed by Chambre de commerce de Lévis Board Member since 2012

Vice Chair

Ex-officio Member

of All Committees

the Government of Québec

Board Member since 2011

Appointed by





Corporate Secretary and Compliance, AQi

of Aéroport de Ouébec inc. Board Member since 2013 PELLETIER

Founder, Québec City Marathon **Risk Management** Committee Chair Appointed by the City of Lévis Board Member since 2010





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Management TEAM



President and CEO Director

GAËTAN GAGNÉ C.D., LLIF, C. Dir., ASC



Vice-President, Marketing and Development

BERNARD THIBOUTOT BAA



SERGE ST-LAURENT M.Sc., IAP

Vice-President,

Operations



Vice-President, Finance

FRANÇOIS BILODEAU CPA, CA



Vice-President, Infrastructure

DANIEL PERREAULT P.Eng., IAP

"The development of airports is to accessibility and democratization of air transport what the development of highways was to accessibility and democratization of ground transportation."

> Gaëtan Gagné President and CEO of YQB December 2018

VISION

Make Québec City Jean Lesage International Airport a world-class facility.

MISSION

To offer high-quality, efficient, and safe facilities and services capable of sustaining growth in air traffic to fulfill our role as a major socioeconomic force in the greater Québec City area.

VALUES

Passenger first®

In collaboration with our partners, we make passengers our top priority in everything we do to provide a safe, secure airport experience of unparalleled quality.

Attention to detail

Always strive to offer our customers a unique airport experience. "Winning is the science of being totally prepared".

- George Allen Sr.

Respect

Offer a stimulating workplace with an emphasis on results, personal and professional development, and respect.

Highlights 2018

AIR TRAVEL DEVELOPMENT

2018 ended on a high note for Québec City Jean Lesage International Airport (YQB). The airport welcomed 1,774,871 passengers, a 6.2% increase over the previous year.

In 2018, Air Canada improved its service to Toronto-Pearson (YYZ) by swapping its Q-400 aircraft for A319, A321 and E175 planes operated by Air Canada Rouge. This is a clear improvement, granting passengers more time and greater comfort. Some flights to Montréal-Trudeau (YUL) were also upgraded. WestJet has offered a new seasonal route between Québec City and Calgary, which will be back in 2019.

U.S. carriers also increased their service to YQB, with new and more frequent flights to Philadelphia (PHL), Newark (EWR) and Chicago (ORD). This shows that transborder traffic is increasing after a few years of decline. Air Transat has also added more departures from YQB. International and domestic traffic both continue to rise.

We also worked with Manchester firm ASM to further our air travel development efforts and seek an airline to establish a direct commercial link with Europe. Recently, ASM has also helped us develop relationships with American carriers. Finally, throughout the year we participated in several major conferences for air travel development.

Most notably, we prepared and launched a program to help select airlines discover our region during Routes Americas 2019, which was held in Québec City in February 2019.

VIP LOUNGE

Use of YQB's VIP lounge continued to grow in 2018, with a success largely owed to the continued improvement to its services and capacity. Traffic to the VIP lounge increased by 11.6%, with 59,359 passengers served. Revenue from this area also grew by 8.3% from 2017.

GROUND TRANSPORTATION

The Réseau de transport de la Capitale made a public announcement in 2018 that two bus routes would be serving the airport, travelling to and from the city centre with 135 trips per day.

- Route 76 will connect YQB with the Sainte-Foy bus and train terminals and run north-south through the heart of Sainte-Foy, with daily trips every 30 minutes from 5:30 A.M. to 11:00 P.M. This route will provide access to hotels in Sainte-Foy and allow travellers to connect with express routes to Upper Town.
- Route 80, which currently runs through downtown, will also be extended to reach YQB, with trips every 30 minutes. Travellers will be able to make connections at Les Saules station. This route will operate from 6:00 A.M. to 12:30 A.M. daily, with 76 trips per day.

Taxi services were a constant concern this year. We continued to work with the industry to test our automatic platform for taxi pool management. A lack of taxi availability during certain times of the week is leading to more and more problems for YQB. Its effect on passengers reached its peak in the second quarter of 2018. During this time, a growing number of passengers continued to use UBER, a ridesharing service. In more positive news, revenue from parking is growing. In March, we reached capacity at some points. CellPARQ, the cell phone waiting area for passenger pickup, is also growing more popular.

ADVERTISING SPACES

Advertising revenue continues to grow. That said, 2018 was a transitional year. Many advertising spaces disappeared during the expansion and update of the terminal. New advertising spaces are expected to be available in the third quarter of 2019.

AIRPORT OPERATIONS

The Operations team faced many challenges in 2018. The "growing pains" of the new terminal, which opened in December 2017, as well as the continuation of construction phase 2, required a lot of teamwork and vigilance from everyone so that we could provide passengers and visitors with a safe, efficient and pleasant environment. Mission accomplished! Thank you to all of our employees and partners who helped make these changes a resounding success.

Airside Operations

YQB saw 137,262 aircraft movements in 2018. Despite this busy schedule, Airside Operations was able to skillfully handle the challenges associated with managing and maintaining the airport's runways, taxiways and ramps. Our teams also kept our movement areas in an impeccable state for the entire year, despite an early winter and late spring creating 212 days (October 1–May 1) where aircraft could have needed de-icing.

Terminal Operations

More than ever, our Terminal Operations team embodied our *Passenger First®* principle. We were dedicated to helping all of our business partners adapt their operations to the new terminal. Additionally, extraordinary measures were taken to mitigate the impact of construction in the building for our 1.775 million passengers. We experienced record traffic in the fall with the arrival and departure of cruise passengers. We also needed to contend with passengers from several flights being rerouted to Québec City, requiring a lot of hard work and the ingenuity of our entire passenger experience team.



June 2018, G7 Summit

Airport Security

The Airport Security was very busy in 2018, particularly before and during the G7 Summit that was held in Charlevoix on June 8 and 9. Preparations for the summit began in 2016 and intensified in early January 2018, beginning with multiple requests from our partners at Global Affairs Canada and the Royal Canadian Mounted Police. Multiple meetings and site assessments were held prior to the summit. Additionally, a G7 Committee was created at YQB to determine the issues pertaining to the event. This led to the airport's management including ten new appendices to the Emergency Measures Plan (EMP) that covered various potential scenarios specific to the G7. The SENTINELLE II exercise was an excellent refresher ahead of the event. The many hours of preparation by YQB employees working with the G7 Summit, as well as the solid relationships we built with our partners during the event, were undoubtedly one of the reasons why our G7 operation was such a success. What's more, our preparations for an event of this size came with a major advantage: they allowed us to implement and improve all of our safety processes, as well as our emergency and operational planning measures.

Emergency measures

In 2019, the Airport Security intends to focus on training its teams by holding emergency measures exercises that involve multiple services. In order to plan these exercises, we gave a duty manager new responsibilities; her priority will be to handle all questions about emergency measures and exercises. We also added a new mobile command post (MCP) to facilitate duties in an emergency situation. The MCP is a vehicle equipped with computers, airport maps, radios and other equipment that may be needed to manage an emergency at the airport. Finally, the AIRPLANE 2018 exercise was held in October 2018. It involved implementing chapter 2 of our Emergency Measures Plan, which covers plane crashes at the airport. Our partner Premier Aviation loaned us an Embraer aircraft, which we installed on Runway 11-29, to make the exercise as realistic as possible. The operation was a success and AIRPLANE 2018 proved to be highly informative for everyone involved

Operational Control Center (OCC)

By creating the OCC with its own department head, creating an operations dispatcher position and upgrading our technology, we were able to significantly improve our situational awareness of the airport and our control over its operations. The OCC is now recognized as the company's operations hub; it has clearly allowed us to be much more effective during operations like the G7 Summit.

Alongside the Vice-President, Marketing and Development, we also returned to the Slot Conferences to improve our flight schedules and our management of operations points.

Aircraft Rescue and Firefighting (ARFF)

The ARFF service held several specialized training sessions in 2018, covering topics such as tactical strategies for aircraft firefighting, technical rescue and extraction, first responder training and the use of a thermal camera. We also purchased Alert 3 software and equipment to create high-quality simulations and tabletop exercises. Additional software was used to help with resource management. This project allowed us to standardize the storage of our firefighting tools on all of our specialized vehicles. In mid-year, we also collaborated with the union to launch a pilot project that involved 24-hour shifts.

Airport Security and Safety

We added a new division to our Airport Security and Safety Service: the Airport Services division. This division now manages the escort requests that have arisen from a number of projects and construction sites, as well as the need for non-security agents. The service took over first aid response in 2016, and our procedures were refined throughout the year. For example, we acquired defibrillators in our patrol vehicles, which will help keep employees working on the runway safer. We also added a third patrol vehicle to our fleet, making us that much more responsive in the event of an emergency. Finally, the legalization of cannabis on October 17, 2018, meant that we needed to review our intervention procedures with the help of the Service de police de la Ville de Québec (SPVQ) and Transport Canada.

SUSTAINABLE DEVELOPMENT AND ENVIRONMENT

YQB has spared no efforts to ensure it respects the environment. To that end, here are YQB's main accomplishments in environmental management in 2018:

- Donated 1,220 trees to the community as part of our environmental compensation program;
- Installed 12 beehives at the airport;
- Decontaminated soil, increasing property value;
- Achieved the third-best recovery rate for recyclable materials of all Canadian airports (54.2%);
- Recovered 39% of glycol during the 2017–2018 winter season;
- Decreased pollution emissions by 31% compared to reference year 2016;
- The ARFF service effectively managed environmental emergencies with a cutting-edge mobile unit;
- Excellent groundwater, surface water and drinking water quality (no nonconformities for drinking and ground water and only a few exceedances for surface water, caused by winter rains that forced valves to be opened before glycol was fully recovered from the ground);
- Effective wildlife management, with 0.95 strikes per 10,000 movements, well below the federal standard of 3.0 strikes per 10,000 movements;

Thanks to its new geothermal system and energy-saving measures, YQB has reduced its natural gas consumption by 48% and increased its electricity consumption by only 14% from 2017. This has helped reduce the airport's greenhouse gas emissions by 31% compared to reference year 2016, even though the terminal is now 60% larger.

In order to properly manage its air pollution emissions, YQB has also developed an air pollution management plan. In 2018, it also received a level 2 certification from the Airport Carbon Accreditation (ACA), an international program from the Airports Council International (ACI) that aims to reduce CO₂ emissions.

In 2018, YQB was able to sell jars of honey from its beehives to raise money for charity. Approximately 150 jars of honey were donated to the Fondation Gilles Kègle, an organization dedicated to helping the disadvantaged.

In December 2018, YQB had its waste material characterized to determine the diversion, recuperation and contamination rates of its solid waste. The results of this characterization will show areas for improvement in our waste management processes, allowing us to increase recuperation rates and decrease the contamination rates in waste that is diverted from incineration, if possible.

HUMAN RESOURCES

Employment Equity

On June 1, 2018, Aéroport de Québec Inc. produced its first annual employment equity report through Employment and Social Development Canada's Labour Program, in compliance with article 18 of the *Employment Equity Act*. This annual report allowed us to determine our position on the market, then develop an action plan to implement improvements. Efforts will be made to hire more employees from the four designated groups: women, aboriginal people, persons with disabilities and visible minorities. Our team also recently underwent training so that they are better equipped to hire people with physical and mental disabilities.

Employee Recommended Workplace Award

For the first time, Aéroport de Québec Inc. participated in Morneau Shepell and The Globe and Mail's Employee Recommended Workplace Award survey. This survey assesses the



total health of employees in four areas: physical health, mental health, workplace and personal life. Not only does it provide an overall employee health assessment with recommendations for every employee who takes the survey, it also provides recommendations for employers so that they can continue improving their workplace. Aéroport de Québec Inc. is proud to have received top marks for overall health in the mid-sized category, winning it a 2018 Employee Recommended Workplace award. We will continue on this path with initiatives to improve the health and well-being of our team.

Creation of the Health and Wellness Committee

In the same vein, YQB formed a Health and Wellness Committee on April 19, 2018. The committee's goal is to improve our employees' physical and mental health while providing team-building activities to strengthen our workplace relationships. Physical activities included cardio and running classes at the airport, and employees were encouraged to participate in the Pentathlon des neiges and the Défi Entreprises. The Committee has also promoted YQB's Employee and Family Assistance Program (EFAP). Finally, it has organized a number of activities to improve employees' total health.

Adoption of a TMS system

In 2018, YQB launched a call for tenders to implement a new *Talent Management System* (TMS) to better manage its human resources. This system aligns perfectly with one of our strategic objectives, which is to develop a digital culture. The Human Resources team took this opportunity to optimize its employee management, performance management and full training management systems, all of which are regulated. The new TMS was chosen in summer 2018 and implemented in fall 2018.

CNESST Health and Safety Innovation Award

We are fortunate enough to have dedicated employees who take the health and safety of their colleagues—as well as their careers—to heart. One of our employees, Marc Côté, developed and implemented a tool to improve handling and reduce injury when moving the seating in the terminal. Thanks to his ingenuity, YQB was named a 2018 regional winner in the Innovation, Large Companies, Capitale-Nationale Region category of the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST)'s Grand Prizes competition, which celebrates prevention initiatives in Québec. The award was given during the CNESST's regional awards ceremony. This project was also chosen to represent the region in the provincial competition, which is expected to conclude in May 2019.

INFORMATION TECHNOLOGY

The Information Technology team worked hard in 2018 to collect and sort the massive amount of data produced by the IT systems and connected objects in the new terminal. A data architecture system was therefore implemented to process the data and give it structure so that it could be used for the airport's business intelligence.

The airport itself provides data of all kinds, as YQB's IT systems support every step of the airport's passenger and operational processes. The data collected from this massive network allows us to study past trends to make better predictions that can give YQB's passengers the best experience possible.

The IT team also worked closely with Operations to modernize the airport's operational control centre and allow it to provide high-quality information at any time. This upgrade allows staff to take advantage of any opportunities that arise and avoid a number of operational inconveniences. To that end, several IT systems were installed to give the airport an accurate, detailed, real-time and predictive operational vision.

YQB's modern technological infrastructure means that we have been able to add several new systems for various facets of the organization. These systems allow the airport to support its current and future growth while maintaining a high level of service at the best possible price.

Because safety is one of YQB's top priorities, many of our completed technological projects involved improving current systems and raising the overall safety level at the airport. Several other projects focused on cybersecurity, as the airport is depending, more than ever, on technology to run smoothly.

REAL ESTATE AND COMMERCIAL MANAGEMENT AND DEVELOPMENT

Adjustments were made to our commercial services in early 2018. We needed to install a temporary service in the secure area. Additionally, a replacement was needed for the Groupe Nourcy during high season, as the company went bankrupt. The Groupe Origine, much to their credit, took over operations for the bar and sandwich shop in the secure area within a few days. Two new food services also appeared in the terminal this year, with pizzeria Pidz opening in April and a Starbucks opening in October.

On the retail front, Relay and The Loop Duty-Free stores, as well as an International Currency Exchange location, opened in 2018 with clear success. The relocation of the security checkpoint closer to gate 33 in spring 2019 should also bring more traffic to these locations and further improve their performance. A Relay store is expected to open in the public area in 2019.

In terms of property development, we have started to commercialize the land south of ramp 3 that was made available following the relocation of NAV CANADA's antennas.

AIRPORT PLANNING

Throughout 2018, the Airport Planning Division worked on a variety of projects, including site planning and monitoring the development of the land around YQB. It also updated its long-term air traffic forecast and selected, prioritized and provided estimations for the projects in the revised facilities planning report.

Additionally, the Airport Planning Division implemented phase 2 of the Geographic Information System (GIS), which included a test for target users followed by the launch of the GIS app for the entire YQB team. The GIS app was also enhanced with a new feature that allows users to see interior building plans.

Finally, the service aided the Marketing and Development team and the Real Estate and Commercial Management and Development Division as they added new tenants at the airport and developed YQB's land. It also worked with Operations to successfully complete a number of projects related to everyday operations, particularly markings, the obstacle chart, signage and operational plans.

TECHNICAL SERVICES

Since adding infrastructure from the expansion and upgrade project at the end of 2017, Technical Services has performed nearly 17,000 operations to ensure our new facilities were taken on responsibly while maintaining existing facilities.

Thanks to close cooperation with the Engineering and Construction team from the beginning and the implementation of integrated data management for these new assets-particularly with the Building Information Modelling (BIM) approach-we were successfully able to take over the operation of the new facilities.

The implementation of our computerized maintenance management system (CMMS) is also complete. Over the past year, we have been able to integrate inventory management, document management and, finally, some basic workplace health and safety elements such as the creation and incorporation of nearly 1,200 lockout sheets into the CMMS.

In 2018, we also began implementing cutting-edge control and optimization systems to help us reach our energy savings targets and reduce our environmental footprint.

Finally, we are ready for 2019 thanks to our complementary tool, an Asset Management Plan (AMP), which will measure recent efforts and identify future investments needed to optimize the services YQB offers to its passengers.





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Passenger First®: the DNA of YQB

WHO IS AN AIRPORT'S PRIMARY CUSTOMER?

After trying to answer this question for many years, in 2006 we realized that our primary customer was—and should always be—the passenger. This has proven time and time again to be the right answer. Airports work with a wide variety of stakeholders: airlines, retail and food tenants, government entities, chambers of commerce, the general public, political representatives and more. This can make it hard to determine who is truly the primary customer. Who should take priority? It's crucial to have an answer to this question when it comes time to make important decisions and make compromises between the interests of each stakeholder.

We strongly believe that the focus should be on those who bring the most value to our company. In the past, companies have been advised to "Follow the money." However, today we believe it's better to follow what adds value. Emphasis on "value." Of course, this implies value for us as an airport authority, but more importantly, it also covers value for the people we serve: our passengers. If our primary customer recognizes the added value they are receiving, it will naturally benefit us as well, whether it be through a better reputation, better financial performance or more growth value.

What's more, our *Passenger First®* value has led us to make major decisions recently to make sure we can "walk the talk." For instance, a few years ago we noticed that passengers were unhappy about having to dig out their cars from the snow upon their return from a tropical vacation. That led us to build a 1,150-spot parking garage to remove this major inconvenience.

We also found that we didn't have enough airport capacity to create healthy competition between airlines and make ticket prices more affordable. We therefore decided to build a domestic terminal in 2008, followed by an international terminal in 2017. The result? Ticket prices dropped up to 71% in some cases. Putting the Passenger First® also led us to purchase bridges, so that our passengers could board and deplane out of the weather.

It's clear: Passenger First® is much more than a slogan to us. It's a philosophy that guides our biggest decisions, but also motivates us to take care of our passengers down to the last detail.

We believe that this *Passenger First®* value will only become more important to the longevity and success of our company, particularly since new technologies mean that passengers have more control than ever over their travel choices. YQB must become a world-class airport, because passengers will have on hand all the tools they need to demand nothing less than the best. Additionally, we believe that becoming a world-class airport will allow us to reach not only our full potential, but also the full potential of our region, which is a key part of our mission.

Becoming a world-class airport doesn't necessarily mean welcoming the same number of passengers as major hubs like Amsterdam, Frankfurt or Incheon. Instead, it means that we can proudly compare ourselves to any other airport in the world thanks to the added value we bring to our passengers.

We are convinced that our *Passenger First®* value will continue to be a major asset to YQB, not least because the airline industry is in the midst of a radical shift. We believe that blockchain technology, 5G networks and more will majorly change the way airlines and airports serve their passengers, whose needs will shift in the face of this new reality.

PASSENGER FIRST®: A VALUE TO ASPIRE TO

At YQB, we believe that the future of our airport lies in an even stronger belief that passengers are-and must remain-our primary client. This value is also the foundation of our current strategic priorities.

We intend to do everything in our power to simplify our passengers' lives without compromising their safety. We also aim to save passengers and their loved ones as much time as possible, since time has become a rare commodity in modern society. Most flights will be direct instead of relying on connections through hubs, especially when justified by passenger volume. We are also constantly seeking to increase competition to drive down ticket costs.

TECHNOLOGY GIVING PASSENGERS MORE CONTROL

Automation is leading to more independence, giving passengers more control over their lives and their travel. Passengers will have a better choice of flights thanks to apps like Hopper, which uses artificial intelligence to determine the best time to buy plane tickets at the lowest cost.

Blockchain technology also means that passengers will no longer have to rely on third parties to get the information they want. For instance, if a flight is overbooked, passengers who have been bumped will be able to know who their ticket was sold to and use that information to ask airlines for credit.

YQB will have implemented the technological infrastructure it needs to allow the Canadian Air Transport Security Authority (CATSA) and the Canadian Border Services Agency (CBSA) to keep up with relentless global changes, especially advances in facial recognition and blockchain technology and the emergence of a "global ID," all while keeping passengers' personal information safe.

YQB, A REGIONAL TRANSPORT HUB

We believe that YQB should become a regional transport hub, not only for northern and eastern Québec, but for the entire province outside of the greater Montréal area.

This will become a pressing need; the area's current international hub, Montréal, will no longer be able to meet the demands of international traffic, which will have doubled at that time.

Regional transportation will be revolutionized due to new aircraft entering the market. For instance, Airbus is developing a VTOL (vertical takeoff and landing) aircraft called Vahana. This aircraft will be autonomous and run on electricity, carrying a single passenger. Airbus and its partners hope to bring it to market within 10 years.

To increase its traffic to and from remote areas, YQB will continue growing its "screening-free" corridor. This corridor, which is unique in Québec and most likely in Canada, allows passengers from a remote area to bypass being screened at their originating airport and instead be screened at YQB, quickly and conveniently.

YQB: MAKING TRAVEL TO THE U.S. EASIER WITH A CUSTOMS PRECLEARANCE CENTRE

Many of the largest American preclearance centres in Canada are already overwhelmed at peak hours. These hubs are being expanded, creating further stress. YQB could help ease some of this pressure by serving as a hub for European flights destined for the United States.

As a result, YQB's U.S. preclearance centre won't be just for the airport's passengers. Some European passengers travelling to the United States may choose to connect through YQB

The U.S. Customs and Border Protection hopes to have 33% of all passenger traffic to the United States be precleared outside of the country by 2024. That means they have a marked interest in extending their service abroad, and particularly to YQB.

That said, this project requires an agreement to be made regarding shared operating costs so that YQB's passengers can be treated equally to passengers at other U.S. preclearance centres in Canada.

YQB, A SMART TRANSPORT HUB

Current trends in ground transportation could not be any clearer: private cars are on their way out.

Factors like concerns over greenhouse gases, higher fossil fuel costs and an aging population mean that traditional methods of transport are giving way to new developments like car-sharing, electric vehicles and driverless vehicles, to name a few.

While the vehicles are changing drastically, the demand for mobility is only growing. As a result, YQB will be an intermodal airport where all types of ground transportation are offered; after all, passengers have many different needs and we must be able to accommodate them.

An airport's success doesn't just depend on the air routes it provides. It also needs to be easy to reach. Many airports around the world are paralyzed by the road traffic around them, rather than the volume of their air traffic.

Passengers measure the quality of their experience by the total time it takes to reach the airport from their home, so any way of simplifying the trip is an asset.

Airports have become "routers" of the physical Internet. It's essential that the virtual Internet be accompanied by a strong physical counterpart to allow people and goods to travel quickly and easily. YQB could become a "Smart Intelligent Airport," equipped with features like a cutting-edge 5G network to boost interconnectivity on-site.

YQB, A UNIQUE OPPORTUNITY FOR LOW-COST AIRLINES

In many places, low-cost carriers operate from smaller airports rather than major hubs. Ryanair, for instance, serves the Paris-Beauvais airport rather than Paris Charles-de-Gaulle. This provides an excellent business opportunity for YQB, since our airport is in a good position to serve all of Québec through low-cost or ultra-low-cost airlines.

Additionally, there are now 200-seat narrow-body aircraft such as the Boeing 737 Max, Airbus A320neo and Airbus A220 that can cross the Atlantic and travel from YQB without stopovers, opening the door to new direct flights to and from Québec City. The arrival of these new aircraft creates some promising development opportunities for YQB, and the airport intends to take full advantage of them.

YQB strongly intends to keep *Passenger First®* as its primary value, with the intent of becoming a world-class airport. Its conviction rests on the fact that putting the passenger first is the key to YQB's growth and continued success, largely because passengers are now equipped to demand world-class service no matter where they are.

YQB has also created a strong development plan, described above, that will open up new opportunities to fulfil its vision of becoming a world-class airport that is envied by all.



Local residents show unwavering support for their airport

Once again this year, residents of the greater Québec City area were able to witness the scope and size of renovations and watch the new international terminal take shape.

Year after year, the people of Québec City have shown their support for Aéroport de Québec Inc., as proven in a January 2019 survey. In fact, more than 8 in 10 respondents said that they were satisfied with Québec City Jean Lesage International Airport, which had a greater than 80% approval rating for the seventh year in a row. By showing their confidence and satisfaction, respondents have confirmed that the terminal expansion and upgrade project is a justifiable and necessary investment, and that the improvement of the infrastructures and the capacity of YQB are crucial economic factors for the Québec City area.

Since it was announced by the Prime Minister, the Right Honourable Justin Trudeau, and the President of the United States, Barack Obama, the U.S. Customs preclearance centre has become a priority for people in the area. Residents see it as a major asset and a priority for the area and its economic development.

METHODOLOGY

ON JANUARY 10 AND 11, 2019, THE FIRM SOM SURVEYED 561 ONLINE RESPONDENTS FROM THE QUÉBEC CITY CENSUS METROPOLITAN AREA'.

¹The maximum margin of error for all respondents is 4.4% (with a confidence level of 95%).

%

OF RESPONDENTS BELIEVE THAT THE DEVELOPMENT OF YQB IS **IMPORTANT OR VERY IMPORTANT** TO THE REGION'S ECONOMIC SUCCESS

%

OF PEOPLE HAVE A **GOOD OR VERY GOOD** OPINION OF YQB

2%

OF THE POPULATION **MOSTLY OR TOTALLY AGREES** WITH THE \$277 M IN INVESTMENTS BY THE END OF 2019 TO CONTINUE DEVELOPING YQB'S INFRASTRUCTURE AND INCREASE ITS CAPACITY.

Survey performed on January 10 and 11, 2019

2018 Projects Engineering and Construction

Québec City Jean Lesage International Airport has continued to improve its infrastructures over the past year with the following projects.

UPGRADE OF THE TERMINAL BUILDING

Following the opening of the new international terminal in December 2017, the expansion and upgrade team started Phase 2, which involved refurbishing the buildings (built in 1996 and 2008) and harmonizing services. Work will continue through 2019. While smaller than the first phase, this part of the project is more complex because construction is taking place during YQB's day-to-day operations. Activities must be coordinated carefully with everyone involved to ensure that passengers are affected as little as possible. A lateral approach will help ensure the success of this phase. All possible measures have been taken to facilitate communication between all stakeholders. Additionally, the waiting areas for gates 29 and 30 have been revamped to provide visual continuity between the 2008 building and the 2017 terminal once the temporary walls around the current construction site have been demolished

CONSTRUCTION OF THE THERMAL POWER PLANT

The last step of the thermal power plant project–starting the heating systems–was completed in fall 2018. The remaining portion of the old heater was demolished last May.

Sustainable choices

The installation of a new geothermal exchanger (which contains 54 550-foot loops) and screw chiller will allow YQB to save approximately 8,000 GJ of natural gas each year, which equates to about 400 tons of CO₂. The energy management system and smart valves with integrated flow metres can monitor the building's energy consumption in real time and adjust modes automatically depending on load. Additionally, these valves optimize flow based on temperature differentials to reduce the pump drive as much as possible and maximize the efficiency of the equipment, particularly the chillers which may not respond to low temperature variations. The extensive use of this type of smart pump in a project is a first in Québec.

THESE MEASURES WILL ALLOW YQB TO SAVE APPROXIMATELY 35,000 GJ OF ENERGY PER YEAR, MAKING IT ONE OF THE MOST ENERGY-EFFICIENT AIRPORTS IN NORTH AMERICA DESPITE THE REGION'S HARSH WINTERS.

BIM

The terminal expansion and upgrade project used an innovative approach: Building Information Modelling, or BIM. This is the first project in Québec of its size to use BIM for the entire process, from design to construction to opening. YQB has always placed great importance on raising construction industry standards. Everyone has joined forces and taken the risks associated with a fully BIM project; professionals, entrepreneurs and the construction manager all working together on a 3D model in real time, meaning that issues can be detected and resolved before construction even begins. This type of management has several advantages in terms of deadlines and construction costs. This is as revolutionary for the construction industry as the transition from the drawing board to the computer. BIM is used throughout the project's transfer to Technical Services. Thanks to the relationship between operating principles and project implementation, YQB will be able to operate with energy efficiency and effective asset management at the forefront

RENTAL SPACE BUILD-OUT AND ARRIVAL OF NEW VENDORS

Work was done in 2018 to build out retail space for two new vendors.

Since April 14, 2018, Pidz has been serving delicious customized pizzas to travellers, alongside a range of appetizers, poutines and salads. Pidz has developed a traditional breakfast menu exclusively for YQB's passengers, with eggs, potatoes and meat. They also offer themed breakfasts such as breakfast pizzas, breakfast poutines and casseroles.

Starbucks has been serving coffee, drinks, pastries, breakfasts, lunches and protein boxes at YQB since October 16, 2018.

Throughout 2018, planning begun for the construction of the new Lagardère Travel Retail (Relay) location in the public area. The newsstand is expected to open in summer 2019. Lagardère Travel Retail (Relay) will also continue to operate its current store in the secure area, which will be expanded in 2019 to offer even more products to travellers passing through YQB.



A new play area was built in the food court section of the secure area in November 2018. The new airport-themed structure, called the "Turbulence Zone," appeals to children between the ages of 18 months and 5 years. The food court has also been refurbished to meet the needs of families with young ones.

COMMUNICATIONS AND PUBLIC RELATIONS MANAGEMENT

The new international terminal welcomed its first passengers in December 2017, but YQB has been working on its communications and public relations since April 2015 to generate excitement about the project. These efforts paid off; in 2018, communications management for the airport expansion and upgrade was awarded several prizes by groups such as the Airports Council International - North America (ACI-NA) and PMI-Montreal, project management specialists.

The opening of the new terminal and management of the expansion project drew national and international attention. In addition to receiving prizes, YQB team members have been invited many times to speak about their experience at conferences, events, companies and research centres. Several school groups have also come to visit the airport. What's more, YQB received major coverage in industry magazines. Like the year before, 2018 experienced its fair share of openings. Two concessions—Starbucks and Pidz opened in the secure area. The new play area was also installed. These major milestones were celebrated with our passengers. They were shared with our online community, which responded wonderfully. At the end of the year, YQB's infrastructures, services and partners were showcased in a video to celebrate the first anniversary of the terminal. The video was highly popular.

OPTIMIZATION OF THE BAGGAGE HANDLING SYSTEM

Work continued in 2018 to deliver this five-phase project: installation of self-served automated luggage bag-drops (delivered in April 2018), addition of a second baggage sorting room, addition of a baggage storage system and addition of two regular and one oversized baggage carousel for international arrivals (delivered in December 2017).

The new baggage handling system will be made up of two independent systems, providing redundancy and greater flexibility for future updates. This project, which started in 2018, will continue throughout 2019.

NEW LOADING BRIDGES

The design of bridge 32, which is similar to the loading bridges installed at gates 33 through 37 in 2017, began in 2018. The bridge is expected to be installed once phase 2 is completed in 2019.

A new aircraft guidance system will soon be installed at bridges 32 through 37 to help jumbo jets park more safely and ensure maximum safety for all users.

MANAGING OPERATIONAL IMPACTS

In 2018, we continued to work with Operations to minimize the effect of construction on our passengers and partners, particularly during the rehabilitation of the 1996 building. The construction work is happening between the 2008 section of the building and the new terminal, which was delivered in December 2017. Notices of work were issued to coordinate all work and minimize the impact on operations during power, gas, water or service interruptions. Weekly planning meetings were also held with all stakeholders.

The interior passageway, which allows travellers to safely access the new international terminal, was decorated with images and text describing YQB's history. The heated exterior passageway is also available in the winter for passengers moving from the new building to the old.

We continued to use the ORAT (Operational Readiness and Airport Transfer) method in 2018 to integrate the new Pidz, Origine and Starbucks.







NEW TECHNOLOGIES

In 2018, we continued working to harmonize all technologies before work ends in 2019. New telecommunications rooms will be opened in the coming months to ensure the entire terminal is operational by 2019, including the new check-in kiosks.

Wireless coverage was extended to the apron so that our partners can access the network and better track bags by connecting to the baggage reconciliation system (BRS).

Thanks to the integration of new technologies, our partners will be able to use check-in kiosks alongside self-served automated luggage bag-drops in the near future, improving passenger processing.

OTHER INFRASTRUCTURE WORK

Civil infrastructure and exterior

Work in the NAV CANADA sector, which included building an outdoor parking lot near the new thermal power plant, started in 2017 and was completed in fall 2018.

Refurbishment of gate 31

This project involves rebuilding the apron at gate 31 to comply with drainage regulations, roughness index requirements and the construction levels at gates 32 through 38.

The first part of the project, which took place in 2018, included building water and drainage services and placing lighting towers near the building. The project will then be paused to make room for building construction. The second part of the project, to take place in 2019, includes refurbishing the infrastructure and the concrete slabs at gate 31.

New snow deposit

The airport's snow deposit was relocated to parcel 1-C3, south of the 8th Airport Avenue. Plans and specifications were prepared in anticipation of future needs.

Addition of underground services on 8th Airport Avenue

This project involves installing water and drainage services to serve the rental plots located south of apron 3, between 9th Airport Street and 7th Airport Avenue. Plans and specifications were prepared in anticipation of future needs.

Relocation of NAV CANADA antennas

This project involves relocating NAV CANADA's UHF-VHF antenna, currently on site N-2, to a new site north of runway 06-24 near the FEC-A. The relocation will facilitate rental of the current land around site N-2, which has runway-side access from apron 3. Plans and specifications were prepared in anticipation of future needs.

Revitalization of the parking gatehouse

The gatehouse at the parking garage exit was completely rebuilt at the beginning of 2018 to make it more comfortable for the employees inside. Signage in the area was also improved.

YQB RECOGNIZED

For its excellence in engineering

YQB and its partner SNC-Lavalin were honoured to receive an award for mechanical and electrical building engineering during the Grands Prix du génie-conseil québécois on May 14, 2018. YQB and its partner Stantec were also nominated for the "building structure" category.

For its community impact

YQB was equally honoured to receive an INOVA award for public services during the Institut de développement urbain's awards gala on October 11, 2018.



2018 Projects











Sustainable development at the heart of our everyday operations

YQB sees sustainable development as an operations management approach that helps guarantee an exceptional passenger experience and limit the environmental impact of its operations as much as possible.

As part of its sustainable development philosophy, the airport encourages a workplace that focuses on safety and the success of its employees while seeking to maximize its economic and social benefits for the community and listen closely to its stakeholders.

GUIDED BY A SUSTAINABLE DEVELOPMENT POLICY

YQB has created a sustainable development policy that addresses current and future actions and helps the organization consider the environmental, social and economic facets of its activities for employees, partners and clients alike. The primary goals of this policy are to:

- Promote the 5 R's (Rethink inputs, Reduce at the source, Reuse, Recycle and Recover);
- Appropriately manage its petroleum product storage tanks and monitor those of its tenants to prevent accidental leaks and spills;
- Increase energy efficiency by applying concrete actions to reduce emissions;
- Reduce the use of products that can alter soil, groundwater and surface water (glycol, de-icing products and pesticides);

- Reduce leaks and the use of ozone-depleting substances (ODS);
- Effectively manage water consumption, and through regular inspections, ensure the health of individuals by providing quality, safe drinking water;
- Listen to employees, tenants, service providers and the general public so that we can make the necessary improvements to reduce the impact of our activities on the physical and human environments.

A LEADER IN ENVIRONMENTAL MANAGEMENT

YQB is committed to being a leader in environmental management and protection. The Environmental Management Plan (EMP) summarizes the airport's initiatives to mitigate the impact of its activities, practice sound environmental management (water and energy conservation) and ensure harmonious relationships with the community and its partners.

The measures implemented by the airport are intended to manage–and ultimately prevent–environmental impacts through detailed monitoring programs, outstanding procedures and operating best practices. The EMP framework is based on the laws, regulations and standards set by the federal and provincial governments, as well as the governments of the surrounding municipalities. It aims to meet or even surpass these requirements.

Through its EMP, the airport has undertaken the following initiatives, among others:

- Donating trees to the community annually since 2014;
- Installing beehives on airport land since 2016;
- Decontaminating soil, increasing property value;
- Recovering recyclable materials;
- Recovering glycol;
- Using more environmentally friendly de-icing products (formate and acetate) on runways since 2014;
- Integrating 12 energy efficiency measures, including geothermal energy and heat recovery units, in the construction of the new international terminal;
- Measuring pollutant emissions since 2016;

- Providing a cutting-edge mobile response unit to the Aircraft Rescue and Firefighting (ARFF) service so that they can respond to environmental emergencies;
- Monitoring the quality of groundwater, surface water and drinking water.

MONITORING SURFACE WATER

By closely monitoring surface water, especially in the winter, YQB aims to reduce the impact of de-icing products (glycols for aircraft de-icing and defrosting, formate and acetate for runways and salt for roads) on water quality.

The results of the airport's analysis of various relevant parameters allow it to detect any nonconformity and adjust its operations accordingly, ensuring that it is always adhering to or even exceeding standards.

WILDLIFE MANAGEMENT ON YQB LAND

We actively monitor the airport territory to reduce wildlife that may collide with aircraft.

Birds, especially gulls, are the greatest strike risk at airports. However, our daily wildlife management operations also cover any mammals that may pose a risk for aircraft during takeoff and landing.

The goal of the wildlife management plan is to reduce the risk of wildlife strikes as much as possible. This is done through patrols by YQB staff, at random and at the request of the control tower, from sunrise to sunset. In winter, wildlife is managed by a trapper who traps mammals on airport land to control their populations and prevent aircraft strikes.

Thanks to our effective airport management plan, our strike rate is generally below 1.0/10,000 movements (one movement = one takeoff or landing). In 2018, there were a total of 13 impacts for approximately 137,000 movements, which translates to 0.95 impacts per 10,000 movements. This is well below the federal standard of 3.0 impacts per 10,000 movements.

GEOTHERMAL ENERGY

Geothermal energy involves recovering heat from the earth to heat and cool structures.

It reduces heating costs by up to 75% per year and recovers 4 kWh for each kilowatt hour used to produce it. Geothermal energy is a natural, renewable source of energy.

YQB equipped its new terminal (2018) and shared services centre (2014) with geothermal systems to reduce their electricity and natural gas consumption. In 2017 alone, this allowed the airport to reduce its carbon emissions by nearly 10% from the previous year.

DE-ICING PRODUCTS

In the past, urea was the main product used to deice runways and taxiways. However, despite its effectiveness, urea increases nitrates and nitrites and significantly decreases oxygen in surface water, which can allow algae to flourish and endanger aquatic wildlife.

For that reason, YQB has replaced urea with sodium formate and potassium acetate since 2013. While these products are more expensive than urea, they are much more effective and environmentally friendly.

When snow and ice accumulate on aircraft, liquid glycol is applied as a de- and anti-icer to ensure passengers' safety during takeoff.

At high concentrations in surface water, glycol consumes a lot of oxygen during degradation, which can affect aquatic wildlife.

Glycol is applied at aircraft stands, just before departure. The storm drains on the aprons are equipped with valves to prevent the glycol on the ground from entering the rainwater drainage system. Once the aircraft takes off, a vacuum truck recovers the glycol from the ground and stores it in reservoirs for recycling. Surface water is analyzed three times a week to determine whether more than 100 mg/litre of glycol is present. During extreme weather (winter rainfall and ice storms), the rainwater valves may need to remain open to prevent water on the tarmac from freezing and creating unsafe conditions. This may cause glycol levels to temporarily rise slightly above the standard limit. Generally, the situation is corrected within 24–48 hours.

EMISSIONS INVENTORY

Each year, YQB creates an emissions inventory that considers direct emissions caused by hydrocarbon combustion as well as indirect emissions caused by the production and transmission of electricity. The inventory is created through the Airport Carbon and Emissions Reporting tool (ACERT), which was developed by the Airports Council International (ACI).

In order to properly manage its emissions, YQB has also developed an air pollution management plan and received a level 2 certification from the Airport Carbon Accreditation (ACA), an international program from the ACI that aims to reduce CO, emissions.

To further reduce our environmental footprint, we have implemented a number of energy reduction measures. In particular, we have equipped the new terminal with clean, modern and efficient technologies, especially those related to heat recovery and energy conservation (heat exchangers, thermal wheels, etc.).

Our goal for 2020 is to reduce total greenhouse gas (GHG) emissions by 5% from reference year 2016.

NOISE MANAGEMENT

YQB has implemented a Noise Management Committee to assess and discuss problems and solutions to improve the auditory environment in surrounding communities (Québec City, L'Ancienne-Lorette, Saint-Augustin and Lévis). The committee includes representatives from the airport, NAV CANADA, air operators, the federal and provincial governments and the four surrounding communities. The committee meets twice per year, or more often if necessary. YQB also regularly updates its Noise Management Plan and addresses all noise complaints it receives. The aim of the committee is to develop a dialogue between air operators, the airport and the community about airport noise. This encourages discussion and encourages municipalities to note the sectors that are most affected by airport operations, which can be useful when planning urban development.

ENVIRONMENTAL COMPENSATION MEASURES AND INITIATIVES

As compensation for the deforestation that comes with expansion projects, YQB has, since 2014, donated 1,000 trees to communities each year. This initiative is in partnership with the Association forestière des deux rives (AF2R) and the L'Ancienne-Lorette Scouts. The organizations distribute the trees for a voluntary donation from citizens. The airport also gives the Scouts \$1,000 to support their group and thank them for their help.

Additionally, in June 2016 YQB installed four beehives to help pollinate neighbouring farmland and grow the bee population. More beehives were installed in 2017 and 2018; there are now a total of 12 beehives on airport land.

MANAGEMENT OF RESIDUAL MATERIALS

YQB is proud to have one of the highest recovery rates for recyclable materials of all Canadian airports. In 2018, the airport ranked third, with a recovery rate of nearly 54.2%. Employee participation, trash compactors, twoway collection and the recycling of paper, glass, plastic, metal, concrete, wood, high-quality excavated material and other construction, renovation and demolition (CRD) waste all contribute to this success.



FINANCIAL HIGHLIGHTS

2018 FINANCIAL PERFORMANCE

Aéroport de Québec inc. posted comprehensive income of \$11.1 million for the financial year ending December 31, 2018. Revenues were \$68.2 million, including financial revenues, and operating expenditures were \$57 million.

REVENUES

- ► Revenues derived from airport improvement fees (AIFs) totaled \$26.8 million. AIFs are entirely reinvested in airport improvement initiatives, including interest payments on AQi's debt.
- ► Landing fees generated \$6.9 million.
- ▶ Terminal and loading bridge fees were \$6.8 million.
- ▶ Parking, concession, rental, and service revenues were \$21.2 million.
- ► Safety and security revenues were \$4.9 million.
- ► Overall revenue growth was 10.2%.

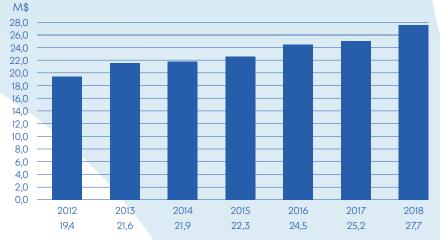
EBIDTA

Earnings before interest, taxes, depreciation, and amortization (EBITDA) totaled \$27.7 million in 2018.

Management uses EBITDA as an indicator to assess ongoing operational performance. The Corporation defines EBITDA as the excess of revenues over expenses before financial expenses, taxes and depreciation.

EXPENSES

- ► Salary and payroll expenses were \$15.1 million.
- Rent paid to Transport Canada was \$4.1 million.
- Aéroport de Québec inc. also procured goods and services worth a total of \$18.2 million. Of this amount, \$10.9 million went to services and maintenance while \$4.6 million was spent on materials, supplies, and utilities.
- Aéroport de Québec inc. made \$5.3 million in payments in lieu of taxes to which a deduction of \$2.5 million was made with regard to financial aid received from the Ministère des Affaires municipales et de l'Occupation du territoire.



EBIDTA 2012 to 2018

PROJECTED REVENUES AND EXPENSES (2019-2023)

(in thousands of dollars)

	2019	2020	2021	2022	2023
Revenues	72 561	75 392	81719	85 062	88 566
Expenses*	56334	60155	63 293	65 093	66 202

* Expenses do not include depreciation of fixed assets and amortization of deferred revenues related to tangible fixed assets.

The above forecasts were established based on assumptions. Actual results may differ.

2018 INVESTMENTS

(in thousands of dollars)

	Forecas	t Actual	Investments
Investments	52 600	46148	Savings realized and postponement of certain projects and studies.

AQi's main investments in 2018 were the following:

- Terminal expansion international arrivals area;
- Relocation of NAV CANADA's UHF-VHF antennas;
- ► Recapitalization of the luggage.

PLANNED INVESTMENTS (2019-2023)

The following are the main investments under consideration for 2019-2023:

- Terminal expansion international arrivals area;
- ► U.S. preclearance center USCBP;
- Apron refurbishment (stands);
- ▶ Stand 32: Replacement of the passenger boarding bridge;
- ▶ Refurbishment of DELTA, ECHO, HOTEL et GOLF;
- Reorganization of the OCC (Operational Control Center);
- ▶ Relocation of the taxi waiting area and pick-up zone;

- Non-passenger vehicles screening North;
- Runway 29 Threshold repair;
- Construction of the Runway End Safety Area (RESA);
- ▶ 8th Avenue New civil infrastructure;
- ▶ New snow deposit South;
- Apron 3 Refurbishment of the taxiway.



Independent Auditor's Report on Summary Financial Statements

To the Directors of Aéroport de Québec inc.

OPINION

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2018, the summary statements of comprehensive income, changes in net assets and cash flows for the year then ended, and the notes to summary financial statements, are derived from the audited financial statements of Aéroport de Québec inc. for the year ended December 31, 2018.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, on the basis described in Note 2.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated February 28, 2019.

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Management is responsible for the preparation of the summary financial statements on the basis described in Note 2.

AUDITOR'S RESPONSABILITY

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

Raymond Cholat Grant Thornton LLP

Québec February 28, 2019

¹ CPA auditor, CA public accountancy permit no. A119912

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2018

	2018 \$	2017 \$
Revenues		
Landing and terminal Airport improvement fees Concessions Rentals Parking Services and recoveries Safety and security Other income	13,642,714 26,835,102 3,902,714 2,747,374 6,884,276 7,071,475 4,945,950 589,272	12,759,945 24,723,664 3,634,121 2,526,105 6,142,056 6,357,632 4,343,690 36,601
	66,618,877	60,523,814
Expenses		
Employee benefit expenses Rent Goods and services In lieu of taxes Amortization of property, plant and equipment Amortization of deferred revenues relating to property, plant and equipment Impairment loss of financial assets	15,144,320 4,134,994 18,228,818 2,820,471 14,342,347 (3,431,601) 75,012	14,231,210 3,629,498 14,861,189 3,847,824 13,769,774 (2,960,890) 25,000
	51,314,361	47,403,605
Operating results	15,304,516	13,120,209
Finance income Finance costs	1,536,473 (5,690,790)	1,332,812 (5,858,257)
Net revenues	11,150,199	8,594,764
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss Revaluation of net defined benefit pension plan liability	(57,800)	(303,100)
Comprehensive income	11,092,399	8,291,664

The accompanying notes are an integral part of the summary financial statements.

SUMMARY STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2018

	Accumulated revenues \$	Accumulated other comprehensive income \$	Total net assets \$
Balances as at January 1, 2018	127,849,561	(2,430,100)	125,419,461
Net revenues Revaluation of net defined benefit pension plan liability	11,150,199	(57,800)	11,150,199 (57,800)
Comprehensive income			11,092,399
Balances as at December 31, 2018	138,999,760	(2,487,900)	136,511,860
Balances as at January 1, 2017	119,254,797	(2,127,000)	117,127,797
Net revenues Revaluation of net defined benefit pension plan liability	8,594,764	(303,100)	8,594,764 (303,100)
Comprehensive income			8,291,664
Balances as at December 31, 2017	127,849,561	(2,430,100)	125,419,461

The accompanying notes are an integral part of the summary financial statements.

SUMMARY STATEMENT OF CASH FLOWS

Year ended December 31, 2018

	2018 \$	2017 \$
Operating activities		
Net revenues	11,150,199	8,594,764
Non-cash items		
Amortization of property, plant and equipment	14,342,347	13,769,774
Amortization of transaction costs	83,695	83,696
Amortization of deferred revenues relating to property, plant and equipment	(3,431,601)	(2,960,890)
Gain on disposal of property, plant and equipment	(47,265)	(36,601)
Net defined benefit pension plan liability	(55,077)	(56,474)
Net change in working capital items	1,333,878	175,718
Cash flows from operating activities	23,376,176	19,569,987
Investing activities		
Term deposits	(120,272,391)	(140,395,319)
Receipt of term deposits	135,527,117	217,701,135
Acquisition of property, plant and equipment	(52,327,251)	(98,988,167)
Disposal of property, plant and equipment Notes receivable	47,265 (542,452)	83,240
Receipt of notes receivable	142,096	116,667
Cash flows from investing activities	(37,425,616)	(21,482,444)
Financing activities		
Repayment of loans	(2,250,000)	(2,828,600)
Receipt of grants receivable	14,802,662	6,591,596
Repayment of obligation under a direct financing lease	(421,882)	(419,156)
Cash flows from financing activities	12,130,780	3,343,840
Net increase (decrease) in cash	(1,918,660)	1,431,383
Cash, beginning of year	5,681,571	4,250,188
Cash, end of year	3,762,911	5,681,571

During the year, the entity paid a total of \$12,945,290 (\$13,178,660 in 2017) in interest and received a total of \$4,005,337 (\$5,151,059 in 2017) in interest.

Summary Statement of Financial Position

December 31, 2018

	2018 \$	2017 \$	
Assets			
Currents			
Cash	3,762,911	5,681,571	
Term deposits	63,008,517	80,261,602	
Accounts receivable	5,968,258	6,433,137	
Grants receivable	6,716,066	18,227,388	
Notes receivable	153,204	116,667	
Supplies in inventory	1,439,884	941,558	
Prepaid expenses	1,008,826	885,358	
	82,057,666	112,547,281	
Non-current			
Term deposits	46,498,359	44,500,000	
Notes receivable	2,222,152	1,858,333	
Grants receivable	42,444,646	46,193,755	
Property, plant and equipment	443,374,112	411,567,998	
	534,539,269	504,120,086	
	616,596,935	616,667,367	

	2018 \$	2017 \$
Liabilities		
Current Accounts payable Deferred revenues Customer deposits	25,420,436 996,190 283,285	28,620,297 1,010,280 300,128
Loans Obligation under a direct financing lease	6,252,028 437,138	6,169,422 437,138
	33,389,077	36,537,265
Non-current Accounts payable Loans Obligation under a direct financing lease Deferred revenues relating to property, plant and equipment Customer deposits Net defined benefit pension plan liability	415,430 324,739,456 929,344 119,372,745 660,560 578,463	1,901,405 330,907,790 1,351,226 119,342,692 631,788 575,740
	446,695,998	454,710,641
Net assets Accumulated revenues and accumulated	480,085,075	491,247,906
other comprehensive income	136,511,860 616,596,935	125,419,461 616,667,367

The accompanying notes are an integral part of the summary financial statements.

On behalf of the Board,

Signed:

Signed:

André Fortin, CPA, CA, ASC, Lawyer Chair of the Board **Lise Lapierre**, FCPA, FCA, ASC Chair of Audit Committee

NOTES TO SUMMARY FINANCIAL STATEMENTS December 31, 2018

1 GOVERNING STATUTES AND NATURE OF OPERATIONS

Aéroport de Québec inc. (AQi) is a not-for-profit corporation without share capital, governed by the Canada Not-for-profit Corporations Act. AQi is exempted under the Income Tax Act. The corporation is in charge of managing, operating, maintaining and developing the Aéroport international Jean-Lesage de Québec ("YQB") in accordance with a 60-year ground lease signed on October 27, 2000 with the Canadian government, with an option to renew for another 20 years.

AQi's head office is located at 505 Principale Street, Québec, Quebec G2G 0J4.

2 CRITERIA FOR THE PREPARATION OF SUMMARY FINANCIAL STATEMENTS

AQi prepared financial statements in accordance with International Financial Reporting Standards (IFRS). The financial statements were approved by the Board of Directors on February 28, 2019. The independent auditor expressed an unmodified opinion on these financial statements in the independent auditor's report dated February 28, 2019.

AQi elected to prepare summary financial statements using the following criteria:

a) Presentation of one set of financial statements, except for the notes to financial statements;

- b) Use of the same format in the summary financial statements as that used for the financial statements, except for the references to the notes;
- c) Exclusion of the notes to financial statements, unless their omission prevents users from obtaining a structured view of AQi's economic resources and obligations at a given time or of any changes during a period.

The financial statements are prepared in Canadian dollars, AQi's functional currency.

3 AVAILABILITY OF THE FINANCIAL STATEMENTS

The audited financial statements are available on AQi's website (www.aeroportdequebec.com) after they have been presented at the annual public meeting.

Additionally, a paper copy of the audited financial statements may be obtained by contacting AQi.





THE BOARD OF DIRECTORS

Aéroport de Québec Inc. (AQi), incorporated by virtue of the *Canada Not-for-profit Corporations Act*, is a not-for-profit corporation without share capital that is exempted under the Income Tax Act. It is responsible for managing, operating, maintaining and developing Québec City Jean Lesage International Airport (YQB) and holds a 60-year lease signed on October 27, 2000 with the Government of Canada, with an option to renew for a period of 20 years.

Any surplus of revenues over expenses is reinvested in airport facilities to improve passenger services.

AQi subscribes to all of the accountability and transparency principles in the lease, as well as its own general bylaws.

In addition to the regulatory framework provided by the lease, general bylaws and certificate of continuance, AQi is subject to other rules that allow it to meet its accountability and transparency obligations towards the public. AQi is evaluated annually under Transport Canada's lease monitoring program. AQi has proven to be in compliance in recent years. All of Transport Canada's remarks have been properly followed up on without exception.

In compliance with Canadian airport administrations' public accountability principles and its own bylaws, AQi has a maximum of three (3) co-opted members named by the Board of Directors, two (2) members named by Her Majesty the Queen in Right of Canada¹, one (1) member named by the Government of Québec, five (5) members proposed by the cities of Québec and Lévis, and four (4) members proposed by Québec City and Lévis chambers of commerce. Each party is invited to submit candidates for membership on the Board of Directors based on profiles submitted by the Board. In all, the Board of Directors is composed of no more than fifteen (15) members, who are known for their individual expertise in accounting, the environment, administration, air transportation management, law, labour organization and engineering.

The Board sets the organization's strategic orientations and oversees their implementation in conjunction with the management team.

In 2018, AQi was supported by a team of fourteen (14) directors, whose varied expertise and skills helped to actively support management in their work.

COMMITTEES

In 2018, four (4) committees helped lay the groundwork for the Board's decisions:

- The Nominating, Governance and Human Resources Committee
- The Audit Committee
- The Risk Management Committee
- The Planning and Development Committee

The committees act according to the guidelines set out by the Board of Directors and ensure that the organization meets its legal obligations in the day-to-day management of its operations. The Board of Directors is also supported by the Community Advisory Committee, which helps advance various issues related to the improvement of YQB's air services and facilities.

CONFLICT OF INTEREST RULES

In accordance with its lease with Transport Canada, AQi has incorporated conflict of interest rules into its general bylaws. These rules apply to the airport's directors, managers and employees and are designed to avoid any real or apparent conflicts of interest. AQi complied with these rules in 2018, notably by means of an annual declaration of interest signed by each director, as well as update notices published as needed.

CONTRACTS IN EXCESS OF \$112,900 AWARDED WITHOUT PUBLIC CALLS FOR TENDER

- Housekeeping contract awarded to Les Entretiens d'édifices Capitale Inc., authorized by the Board of Directors on May 9, 2012, at hourly rates for an indefinite, cancellable term. From January to December 2018, AQi paid this provider \$1,484,210 plus taxes.
- During its meeting on May 3, 2018, the Board of Directors authorized the purchase of a Schmidt truck for \$743,137 due to a particularly attractive purchase option included in a previous lease contract. The vehicle's excellent environmental performance also factored into the decision.
- In April 2018, a 5-year contract for \$149,286 was awarded to Honeywell for lifecycle management of their EBI software. The company was chosen because of its highly specialized skills and its involvement in several YQB projects to optimize the airport's energy costs.

GOVERNANCE

The President and CEO is responsible for defining and implementing the organization's strategic orientations, objectives and fundamental values. YQB's strategic orientations are based on operating as an economic entity to maximize value for its partners (various governments) and stakeholders (clients, employees, the public). The President and CEO, working under the supervision of the Board of Directors, is also in charge of the financial performance of all the organization's operations and business, including revenues and expenses, financial statements, and monitoring of the chief indicators of customer value.

The President and CEO receives assistance from the vice-presidents of Operations, Marketing and Development, Information Technology, Finance and Infrastructure.

COMPENSATION OF DIRECTORS

Bylaws have set annual compensation for directors as follows:

Annual fees

Chair	\$60,000
Vice-chair	\$10,000
Committee chair	\$10,000
Director (except the chair)	
Committee member*	\$2,000
(*Except the chair and vice-chair)	

Meeting fees

\$600 per board or committee meeting or per half-day of special activities.

Number of meetings

Board of Directors	7
Nominating, Governance and Human Resources	
Committee	7
Audit Committee	5
Risk Management Committee	4
Planning and Development Committee	4
Project Committee (supporting management)	4
Community Advisory Committee	2
Annual General Meeting (members)	1
Annual General Meeting (public)	1
Annual meeting of nominating bodies	1

Management

During the financial year ending December 31, 2018, AQi's senior management received a total of \$2,257,202 in compensation, including annual bonuses for achieving or exceeding their objectives.

REGULAR COMPENSATION

Name	Fees	Meeting fees	Total 2018
Alain April	\$10,000	\$9,000	\$19,000
André Fortin**	\$60,000	\$21,000	\$81,000
Jean-Claude Labbé***	\$18,000	\$19,200	\$37,200
Liliane Laverdière*	\$20,000	\$9,600	\$29,600
Jean-Guy Paquet*	\$20,000	\$9,000	\$29,000
Thom Skinner ²	\$5,297	\$3,000	\$8,297
Louis Têtu	\$10,000	\$3,600	\$13,600
Denis Therrien*	\$20,000	\$8,400	\$28,400
André Lortie ¹	\$1,139	-	\$1,139
Pierre Pelletier³	\$8,315	\$4,800	\$13,115
Lise Lapierre*	\$20,000	\$10,200	\$30,200
France Bilodeau	\$10,000	\$11,400	\$21,400
René Rouleau	\$10,000	\$7,800	\$17,800
Gilles Filiatreault⁴	\$1,152	\$1,200	\$2,352
Maxime Laviolette⁵	\$565	\$600	\$1,165

- * Committee chair
- ** Board chair

*** Board vice-chair

¹ André Lortie's term ended on February 10, 2018

- ² Thompson Skinner's term began on May 3, 2018
- ³ Pierre Pelletier's term ended on October 30, 2018
- ⁴ Gilles Filiatreault's term began on November 9, 2018
- ⁵ Maxime Laviolette's term began on December 6, 2018

NATIONAL AND INTERNATIONAL RECOGNITIONS



Tourism Industry Association of Canada's Canadian Tourism Awards (TIAC) - WestJet Airport Innovation and Excellence Award



Élixir PMI-Montréal award for outstanding communication management of the YQB 2018 project



Grand Prix CNESST 2018 – Regional laureate 2018 in the Innovation category, large companies, Capitale-Nationale region



Grands prix du génie-conseil québécois in collaboration with SNC-Lavalin - mechanical and electrical building engineering



Priority Pass Lounge of the Year Awards - Lounge of the Year in North America



Boomerang Grand Prix Award – website or application – service of the year award for the "YQB, Aéroport Jean-Lesage" mobile app



INOVA Award from the Urban Development Institute of Québec



Employee Recommended Workplace Award presented by Morneau Shepell and The Globe and Mail



Level 2 Airport Carbon Accreditation certification



Excellence in Communication Practices – Airports Council International – North America (ACI-NA) – Excellence in Airport Marketing and Communication Awards 2018 (Honorable mentions Websites and Communication strategy, Winner Newsletters)



	On time	Kuujjuaq	On time	Punta Cana	On time
Bagotville			On time	Quaqtaq	On tim
Bonaventure	On time	La Romana	On time	Roatan	On tim
Calgary	On time	Miami	-	Saint-Hubert	On lim
Cancun	On time	Mont-Joli	On time		On tirr
	On time	Montréal	On time	Salluit	-
Cayo Coco		Newark	On time	Samana	On tim
Cayo Santa Maria		Orlando	On time	Schefferville	On tin
Chicago	On time		On time	Sept-lies	On tir
Fort Lauderdale	On time	Ottawa	On time	Toronto YTZ	On tir
Gaspé	On time	Paris	-	Toronto YYZ	Onti
Holguin	On time	Philadelphia	On time		On ti
Îles de la Madeleir	ne On time	Playa Blanca	On time	Varadero	Onti
	On time		On time	Wabush	QII 4
Kangiqsujuaq		- I Vallarta	On time		
Kangirsuk	On time			S FS	
				FS	





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