

# Manitoba Association for Business Economics

## *Your Airport: the Pandemic and the Path Forward*



WINNIPEG  
AIRPORTS AUTHORITY



March 31, 2021



# VISION

To lead transportation innovation and growth

# MISSION

With our community, we provide excellent airport services and facilities in a fiscally prudent manner

# VALUES

Respect | Integrity | Service Excellence





# WINNIPEG AIRPORTS AUTHORITY

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**WINNIPEG**  
**RICHARDSON**  
INTERNATIONAL AIRPORT


**AIRPORT CITY**  
**WINNIPEG**

**WASCO**  
WINNIPEG AIRPORT SERVICES CORP.

# We started 2020 in good place

- Industry was strong, with some challenges on the horizon (acquisitions, mergers, Passenger Bill of Rights, CATSA 2.0)
- YWG ended 2019 with 4.5 million passengers
- Cargo continued to grow
- Early work was underway for the expansion of the terminal

... And then things changed

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Manitoba

## Manitoba sees its largest 1-day jump in COVID-19 cases, bringing total to 35

< CTV News

CORONAVIRUS | News

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Manitoba

## Gatherings of more than 50 banned as Manitoba declares state of emergency over coronavirus

**Winnipeg Free Press** CONTACT US MANAGE SUBSCRIPTION

≡ ALL SECTIONS LOCAL ARTS & LIFE ▾ BUSINESS SPORTS ▾ OPINION ▾ HOMES CLASSIFIEDS ▾

🏠 > Special Coverage > COVID-19: Latest News > COVID-19: Canada and World

## More restrictions in Manitoba, first death related to COVID-19 pandemic

World Health Organization

**Global NEWS**

HEALTH

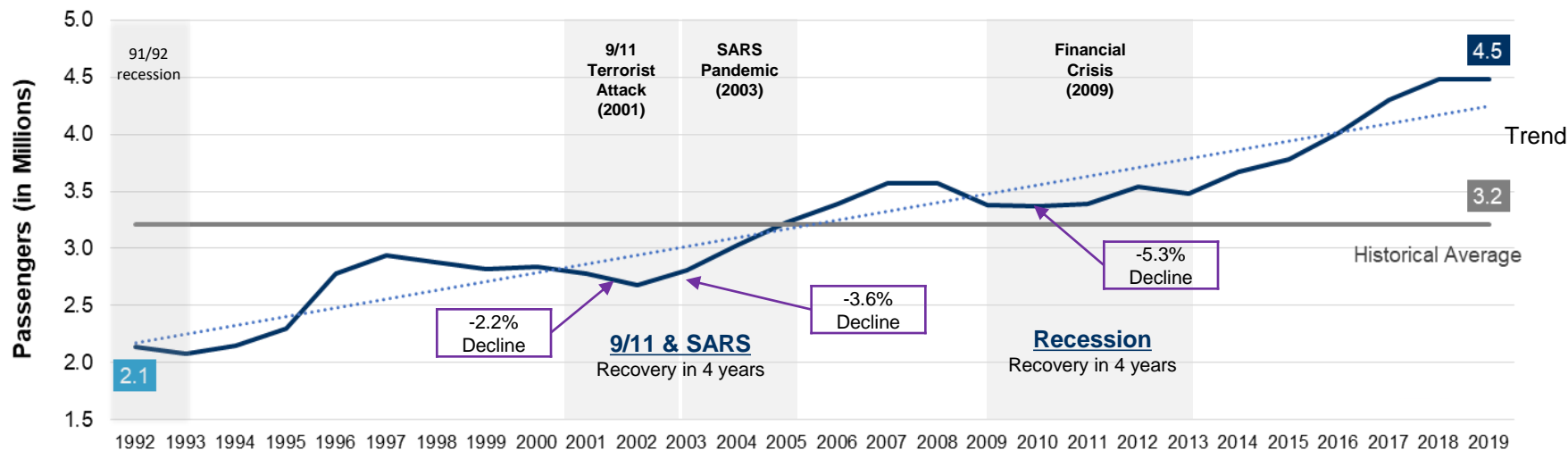
## Manitoba announces first presumptive case of novel coronavirus in Winnipeg; Mayor Bowman outlines city's response

# Understand - Mitigate - Sustain

- Our approach:
  - Understand the change
  - Take steps to mitigate the impact
  - Identify how we sustain through this

# Not the first challenge for WAA

Strong long-term performance improving connectivity for our community

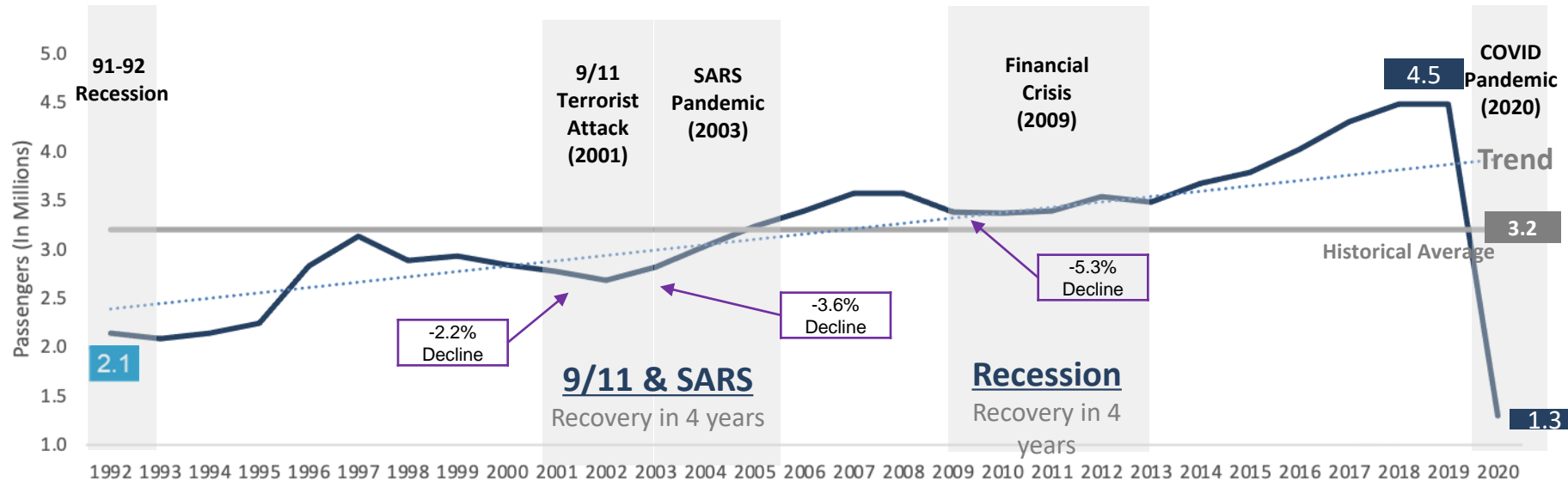


<sup>1</sup> Source: IATA, <https://www.iata.org/en/pressroom/pr/2020-07-28-02/>

<sup>2</sup> Source: ACI, <https://blog.aci.aero/covid-19-exploring-the-airport-industrys-path-to-economic-recovery>

# Not the first but a different challenge

Drop in traffic unlike anything before. Recovery will take longer

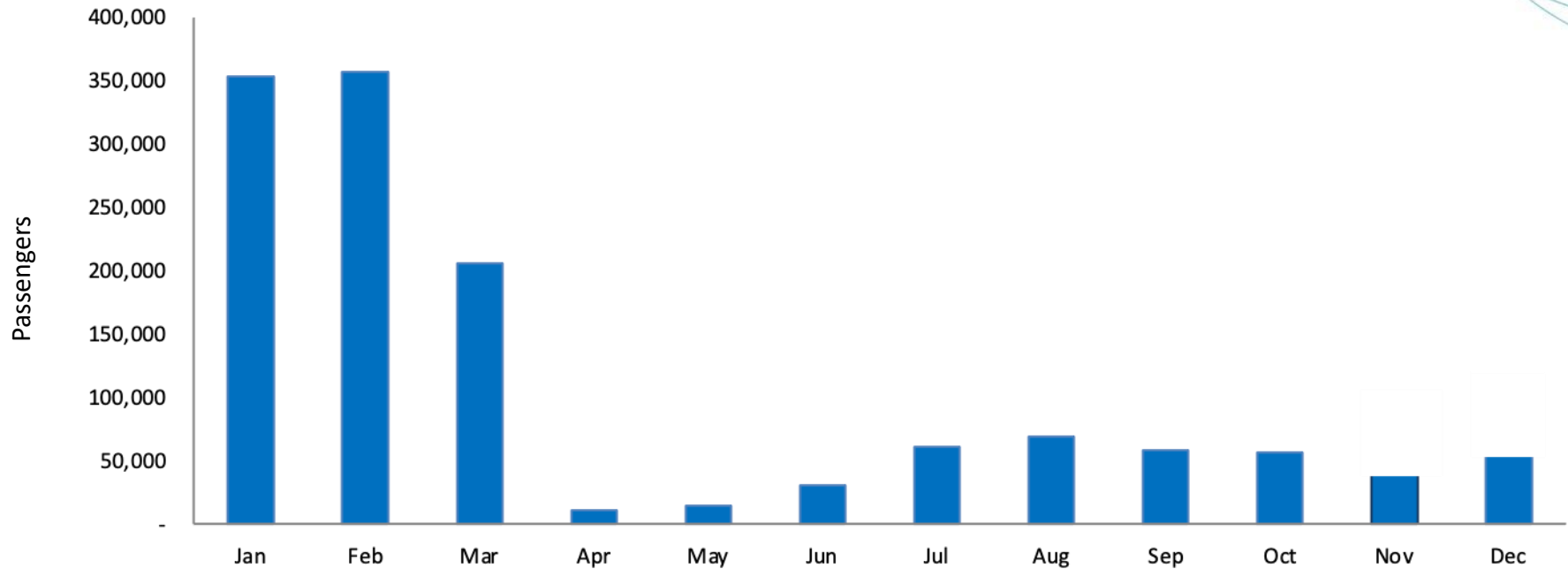


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# 2020 Traffic at YWG



# 2020 vs 2019

	2020 Actual	2019 Actual	Increase (decrease)
Revenue	\$ 66,232	\$ 139,781	(\$73,549)
Operating Expense	50,785	72,713	(21,928)
<b>EBITDA</b>	<b>15,447</b>	<b>67,068</b>	<b>(51,621)</b>
Interest	29,512	32,674	(3,162)
Depreciation	32,784	30,503	2,281
Other	(6,553)	442	(6,111)
<b>Net Income</b>	<b>(\$40,296)</b>	<b>\$3,449</b>	<b>(\$43,745)</b>

 **77% worse  
than 2019**



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# Mitigate

- We continue to do what we can to mitigate the impact
  - Reduced 2020 CapEx by C\$56.4 million (-90%)
  - Reduced a further C\$333 million between 2021 and 2023
    - Deferral of the terminal improvements/expansion
  - Increase Airport Improvement Fee (AIF) to \$38 to offset shortfall from reduced passenger volumes
    - Recovery of lost AIF by 2026 based on the new rate
- And... it's not enough

# Sustain

- Two ways to sustain the industry
  - Government support
    - chosen by most of the G7 and our largest competitor
  - Safely get people moving again
    - allow industry to generate revenue again
    - Restore confidence/stop 'shaming'
      - Testing and tracing

*We have the unique challenge in Canada where government support has been insufficient, and they are making travel nearly impossible*



# Government Update

We have been asking government to:

- Provide rent deferral until traffic returns and capital reserves rebuilt
- Implement measures to stimulate air travel, where medical evidence tells us it is safe, promote tourism, save jobs and keep goods moving
- Increase Canada's global competitiveness
  - enhance aviation and trade policies
- Return ability to have international service in this market
  - The Federal Government is picking winners (YVR, YYC, YYZ, YUL) and leaving YWG behind

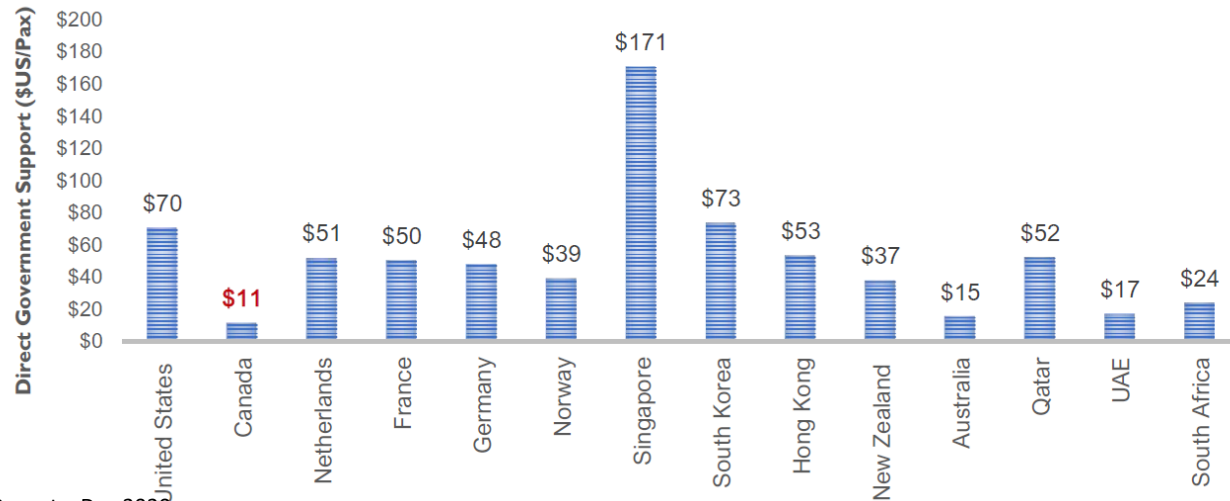




# Canada's Financial Relief to Date

- Canada's support falls well short of rest of the world and will delay our economic and social recovery

Value of Aviation-Sector Government Support by Country (per passengers in 2019)



\*INTERVistas Report – Dec 2020

# Path Forward for Aviation Industry

To get people moving again safely by building consumer confidence through a combination of the successful distribution of vaccines and a national program for testing and tracing



# Path Forward for WAA

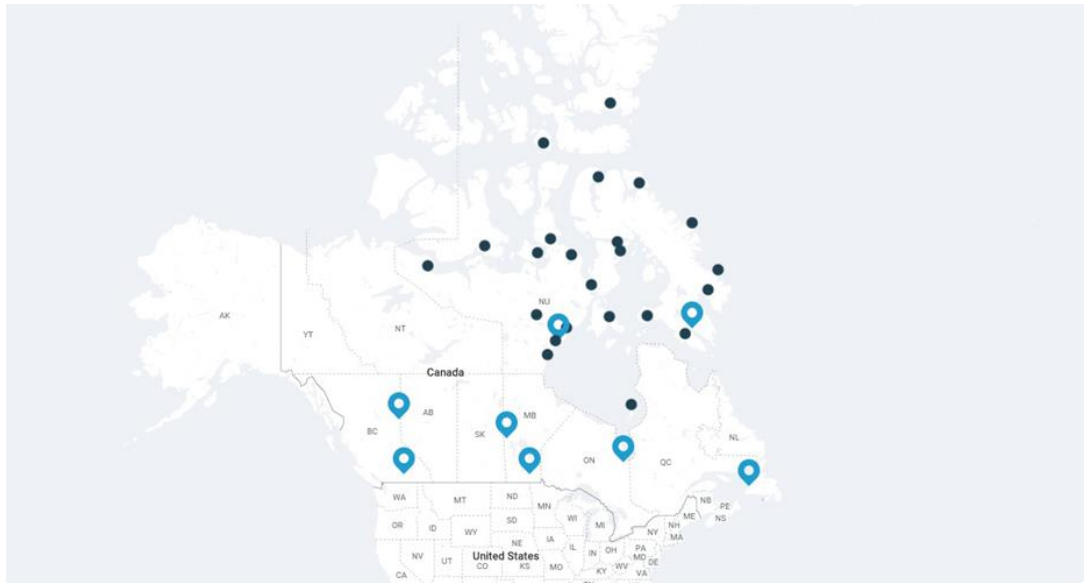
- Continue the focus on Diversification
- Unlock the Potential of the Airport Campus
- Manage the disruptors
  - Strategic directions
    - Leadership
    - Innovation
    - Diversification

# Diversification

WASCO allows us to market expertise outside of Winnipeg, with revenue coming back to offset operating costs at YWG



**WASCO**  
WINNIPEG AIRPORT SERVICES CORP.



# Diversification

- Cargo Operations
  - Leverage Winnipeg's geographic location and multi-modal potential
  - Investing in new infrastructure to allow Manitoba business to compete
    - Multi-tenant Air Cargo Logistics Facility
      - Cold chain, live animal

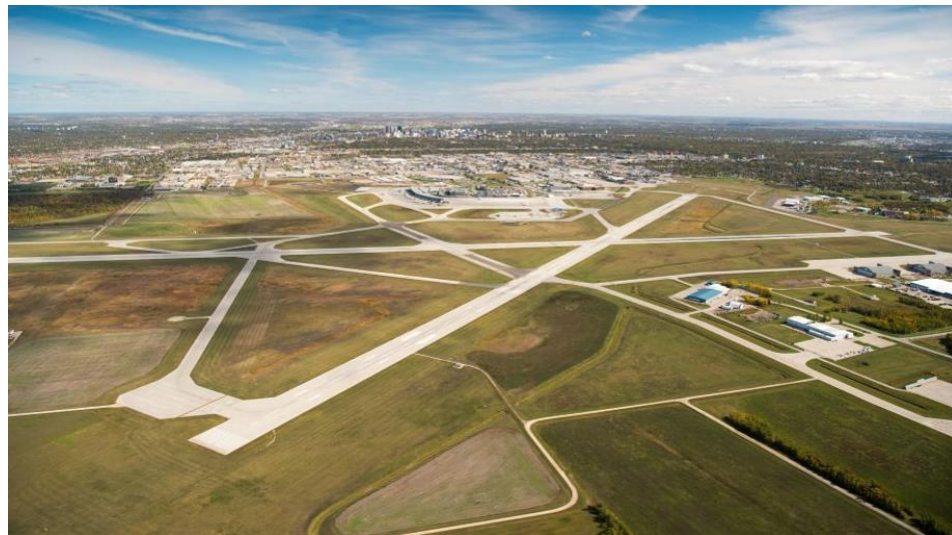


# Unlock Potential of Airport Campus

Airport City Winnipeg - ability to develop YWG airport campus, with revenues reinvested to operate YWG

- Joint venture opportunities
- West Side Development

**AIRPORT CITY**  
**WINNIPEG**



# Disruptors in the industry



People

Technology

Regulatory

*“The shapes and fates of cities have always been defined by transportation. Today, this means air travel.”*

John Kasarda, *Aerotropolis*

