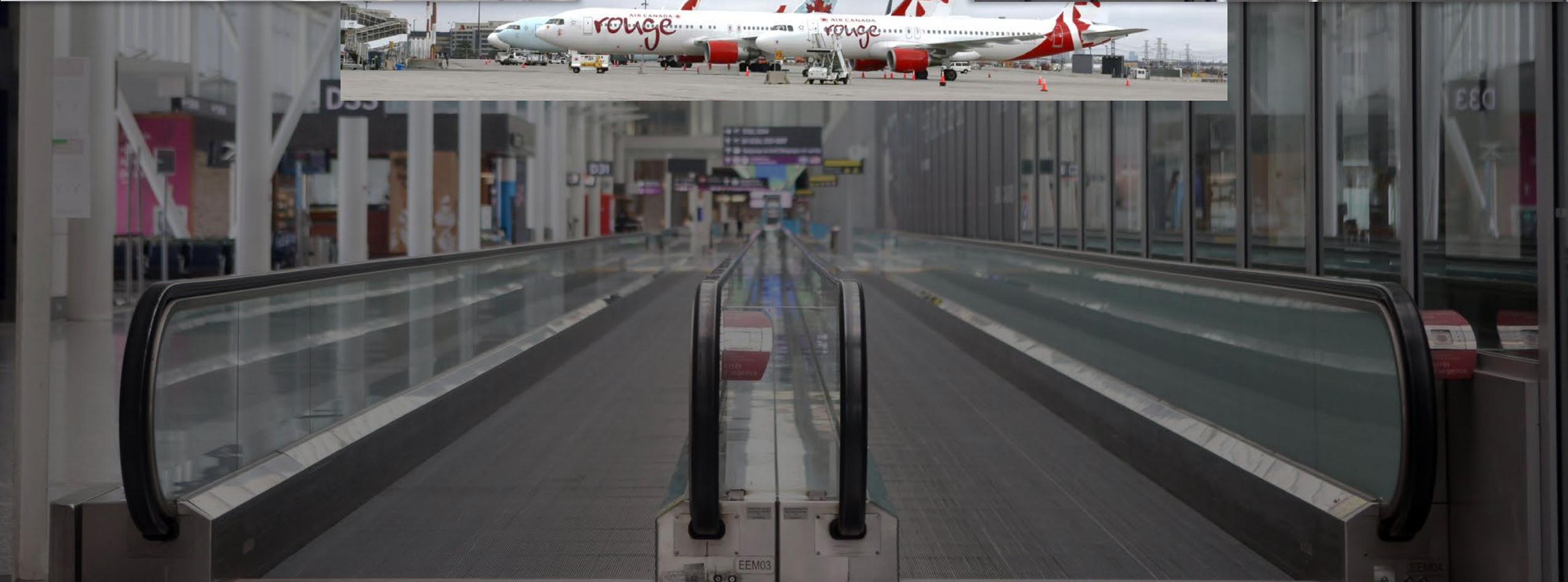
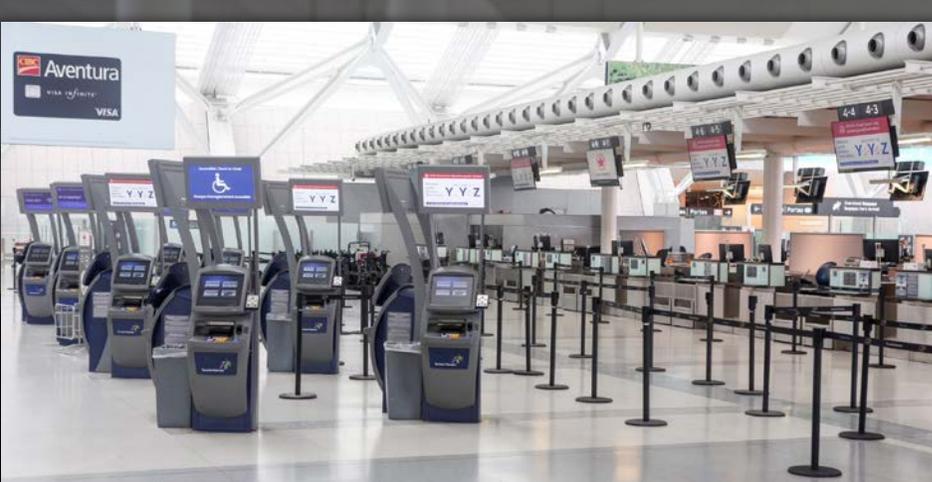


# *Toronto Pearson Healthy Airport Ready For Restart*

June 2020



Toronto Pearson



# Canada-wide impacts of COVID-19



Toronto Pearson

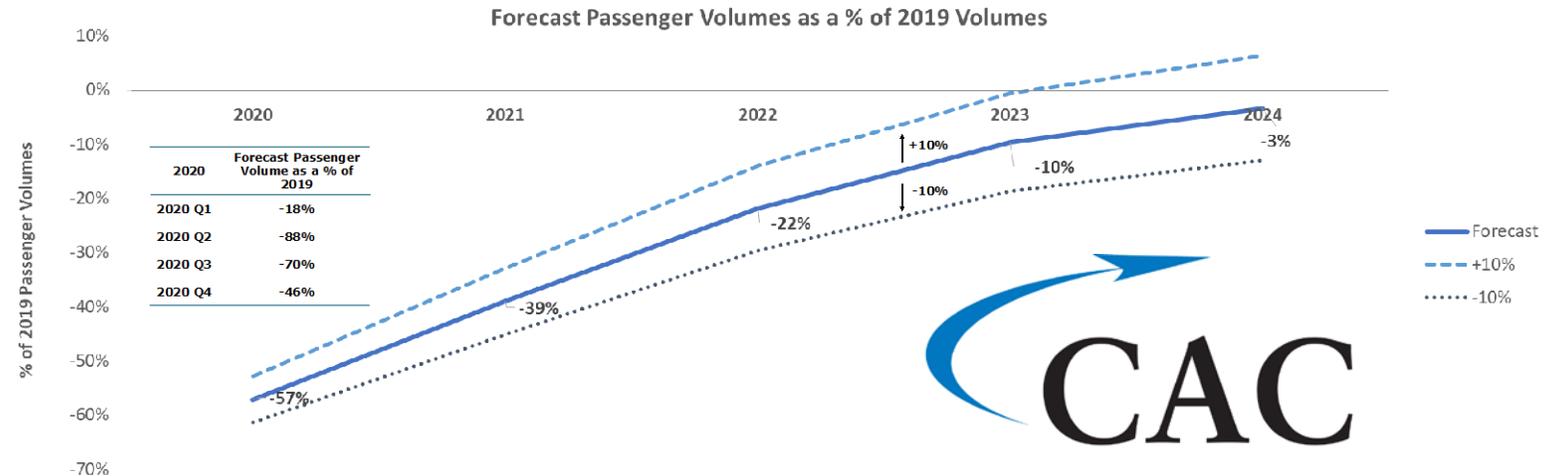
## According to CAC:

- Reduction of **89 million passengers** in 2020 (-57%)
- Passenger volumes not expected to recover to 2019 until after **2024**
- Assumes commercial **vaccine** is widely available in 2021 and no long-term global **recession**
- Revenues decrease by **\$2B** in 2020
- Earning decrease by **\$1.4B**
- Airports risk **breaching covenants** with lenders

### IMPACT UPDATE: PASSENGERS

April projections show a reduction in passenger traffic of **89M passengers (-57%)** in 2020 and an extended recovery period, with passenger numbers only returning to 2019 values after 2024

Forecast Passengers:	2019 (A)	2020 (F)	2021 (F)	2022 (F)	2023 (F)	2024 (F)
	155 Million	66 Million	94 Million	121 Million	140 Million	149 Million



\*Assumes that a commercial vaccine is widely available in 2021, and that the global economy does not slide into a long-term recession

Source: FAC High-level Impact Survey April 22, 2020; Tier 1 n=8 (Edmonton, Winnipeg, Ottawa, Halifax, Toronto, Calgary, Montreal, Vancouver) Tier 2 n=17 (Kelowna, Victoria, Charlottetown, Regina, Moncton, Saskatoon, Deer Lake, Gander, London, Saint John, Fort McMurray, Thunder Bay, Quebec City, Prince George, Billy Bishop, St. John's, Fredericton)

# National Airport Revenue Model



Toronto Pearson

Established by the Government of Canada in 1996, the GTAA is a not-for-profit, non-share capital corporation, dependent on the following areas for its revenue:

## Aeronautical Revenue

- Landing fees paid by airlines for use of Toronto Pearson facilities

## Non-aeronautical Revenue

- Revenue from purchases made by passengers at the airport – restaurants, gifts shops, etc.

## Airport Improvement Fee

- Per ticket charge dedicated to airport infrastructure development

Dependent on the public's ability and willingness to travel

# Impacts of COVID-19 on Toronto Pearson

**The necessary public health response to COVID-19 has had a significant impact on Toronto Pearson**

## Substantial decrease in passenger traffic

- Passenger activity for April 2020 dropped 98%, Y-O-Y
- Only 150 aircraft movements per day in April, compared to 1,300 per day in April 2019
- 16 air carriers operating vs. 67 pre-COVID

## Impact on partners

- GTAA deferred fees & tenant rents for three months (until July)
- Sadly, approx. 11,000 non-GTAA airport workers laid off
- All business partners have witnessed significant losses

# Impacts of COVID-19 on Toronto Pearson



Toronto Pearson

**Lower passenger traffic has resulted in decreased revenues; GTAA has responded by decreasing spending, closing facilities**

## Revenue decreases for the GTAA

- Not-for-profit model dependent on aeronautical & non-aeronautical revenue, and AIF. Examples: landing fees, food and beverage
- Revenues down 53.4% in April 2020 vs. April 2019

## Creating Efficiencies/Cutting Expenses

- Areas of Terminals 1 & 3 have been closed
- The GTAA is implementing significant reductions to current operating and capital expenditures

# Immediate Short-term Relief needed by Airports



Toronto Pearson

**Toronto Pearson has engaged Ministers, MPs, MPPs to highlight the immediate short-term relief needed for the airport sector:**

## Federal Airport Rent Relief

- Appreciate rent relief for 10 months of 2020
- Extension to 2021 and 2022 needed

## Loan/Bond Guarantees

- Enables airports to avoid action by creditors until passenger activity levels return to profitable levels
- Ensures covenant breaches would not cause reversion to lenders

## The GTAA is pursuing the following Federal programs & preparing shovel-ready projects for stimulus aid:

### Federal and Provincial Programs

- Airport Ground Rent Relief for 2020 ✓
- Canada Emergency Wage Subsidy ✓
- Provincial Aviation Panel Lead:
  - Unified health standards and protocols
  - Tax Incentive to stimulate travel and tourism
  - Leverage Provincially Significant Employment Zones to support recovery
  - Support capital investment to introduce new health realities/tech at airports
  - Relief for taxi and limo industry

### Shovel-Ready Stimulus Projects

- Shovel-ready projects ensuring passenger safety and restarting the economy:
  - Terminal 3 re-development
  - Border modernization
- Arrivals Duty Free
- Support for Travel and Tourism
- Transit: better regional connectivity

# Essential Operations - Securing The Supply Chain



Toronto Pearson

- Toronto Pearson has a critical role in securing Canada's supply chain
- High value items like PPE, pharmaceuticals, food come through Toronto Pearson
- Q1 2020 cargo movements increased by nearly **9%** over Q1 2019
- April's cargo movements saw continued growth



# Bringing Canada Home



Toronto Pearson



## Transport Canada Interim Orders

### Health Assessment

- Airlines conduct passenger health assessment at final point of departure (temp check announced); passengers complete a health declaration to CBSA on arrival to Canada, with PHAC support

### Masks

- Face coverings must be worn by passengers in all public areas of airport and during flights

### Self Quarantine

- All incoming international passengers required to 14-day quarantine upon arrival in Canada

- In March, Canadian government effectively closed its border
- March 16 - International border closed to all except Canadians
- March 21 - Canada-US border closed to all but essential travel

# Restart -- Placing health at the centre of our work and rebuilding confidence in travel



Toronto Pearson

**Unified national standards for health screening are critical to rebuild traveller confidence. And, we're doing our part to be ready:**

- Commitment to putting health, safety and security first
- Working with industry, government on unified national standards
- Supporting travel and tourism

**Restoring passenger confidence in travel**



- Protecting airport workers in the post-pandemic workspace
- Education & training on new measures and protocols
- Being ready for when restrictions on air travel are lifted

**Supporting a safe workplace**



- Implementing new measures to keep people safe
- New capital projects to address physical distancing, temperature checks, etc.
- Introduce touchless technologies

**Integrating public health measures into operations**



**National Standard for Health Screening Procedures, aligned with global rules**

# Toronto Pearson Healthy Airport Principles

## Masks

- Mandatory wearing of masks in all public areas, for passengers and airport workers
- Worker masks are already mandatory on shift per Transport Canada emergency order



## Physical Distancing

- Plexiglass barriers between staff and passengers
- Reducing number of kiosks, counters and seating
- Informational signage and decals at key points of passenger and worker journey



## Terminal Access

- Limit terminal access to passengers and workers
- No meet and greet visitors
- Specific door access



## Hygiene & Cleaning

- Increased sanitization for frequently touched surfaces & spaces like washrooms, kiosks, handrails
- HVAC changes to address air quality
- Maximize touchless processes



# Changes evident in our Terminals today...



Toronto Pearson

1. Every second counter closed



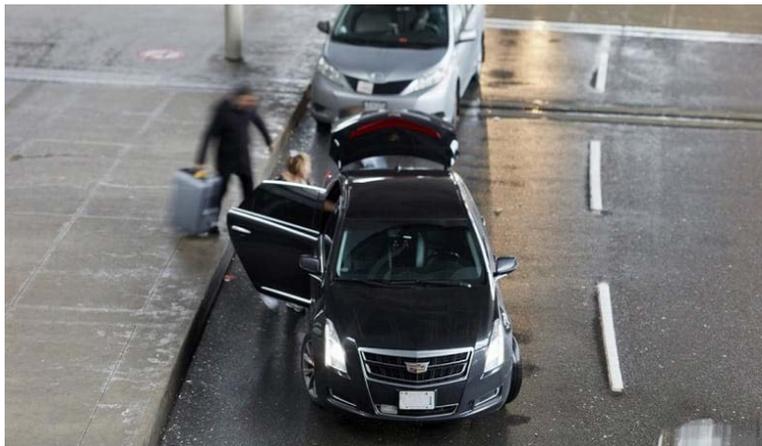
2. Security queue spaced 6' apart



3. Organized boarding queues



4. Ongoing Curbside management



5. Tables/chairs removed in F&B



6. Focus on high touchpoints

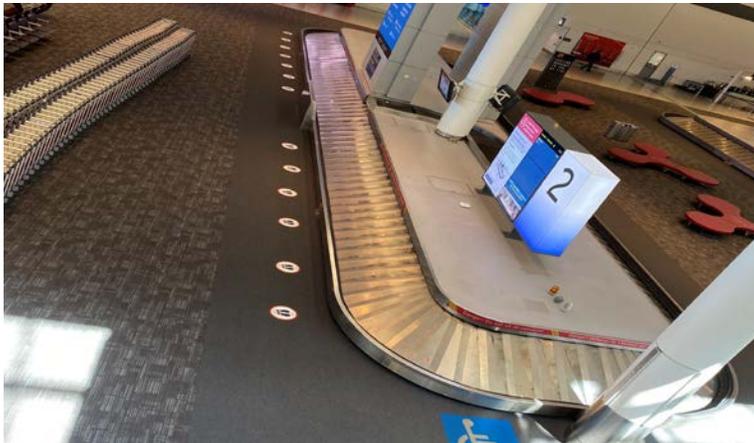


# Additional changes you'll see next time you fly... and, there's more in development



Toronto Pearson

7. Spacing at baggage carousels



8. Customs exit spaced 6' apart



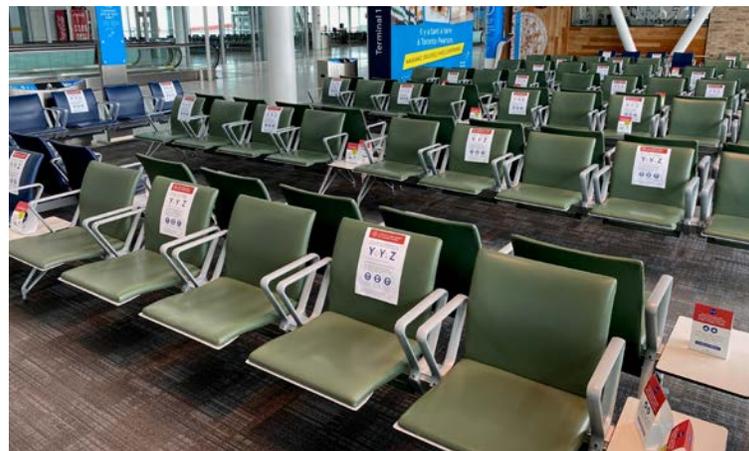
9. Ongoing kiosk cleaning



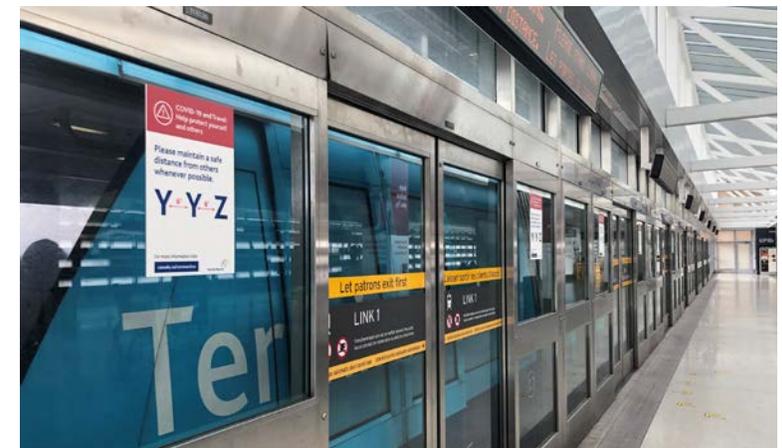
10. Virtual customer service



11. Distancing in gate lounges



12. Audible public announcements



# Pearson leading on airport health measures



Toronto Pearson

- We must rebuild public confidence in air travel
- Leading on airport health measures for our employees and our passengers is our top priority
- We are adopting international best practices, in keep with guidance issued by international aviation authorities IATA and ICAO
- We are engaged with Canadian officials and strongly encourage the development of unified national health standards for air travel
- Identifying safe routes and travel bubbles—like the example of the Australia/New Zealand travel bubble—will allow air travel to resume with confidence

*Thank You*



Toronto Pearson