

A NEW TERMINAL FOR THE FUTURE



2017
ANNUAL
REPORT





33

TABLE OF CONTENTS

- 4** Message from the Chair of the Board and the President and CEO
- 8** Board Members and Management Team
- 10** Vision, Mission, Values
- 12** 2017 Highlights
- 18** YQB 2018: Now Delivering a World-class Experience
- 24** YQB: A Key Driver of Economic Development
- 26** 2017 Projects
- 30** Finance Team on the Front Line
- 32** Financial Highlights
- 35** Independent Auditor's Report and Summary Financial Statements
- 43** Board of Directors

MESSAGE FROM THE CHAIR OF THE BOARD AND PRESIDENT AND CEO

Aéroport de Québec inc. (AQi) is the private non-profit organization that has managed, operated, maintained, and developed Québec City Jean Lesage International Airport (YQB) since November 1, 2000.

A NEW INTERNATIONAL TERMINAL TO SUSTAIN GROWTH

December 11, 2017, marked a milestone in the history of Québec City Jean Lesage International Airport (YQB) as its new international terminal welcomed its first passengers. It was a historic moment—the realization of a shared vision conceived a decade ago, and designed and executed by talented professionals and workers intent on delivering a facility that would exceed our passengers' expectations.

Inspired by our *Passenger First*® philosophy, we made the decision to upgrade our facilities to accommodate the expected increase in air travel and meet the needs of travelers everywhere.

According to a number of credible sources, including Boeing, Airbus, and the International Air Transport Association (IATA), the airline industry will grow by some 4.7% per year over the next 20 years. YQB needed to be able to meet the increasing demand in this booming market.

December 11, 2017, will also be a day to remember for the vendors that set up shop in the new terminal. We are proud to be working with respected local and international business partners, all of whom share the same commitment to delivering quality products and services to our passengers.

YQB 2018: ON TIME AND ON BUDGET

YQB 2018 represents a \$277 million investment in over a dozen building and runway construction and upgrade projects and technological innovations, to offer our passengers the best possible experience. This includes four new loading bridges, self-service check-in kiosks, self-service automated bag drops, electronic device charging stations, larger dining areas with a wider array of options, a duty free shop four times the size of the previous one, a user-friendly and better-designed customs area, automated border clearance self-serve kiosks, a larger capacity baggage claim area, more baggage carousels for international flights, and state-of-the-art communications and dynamic display systems.

Years of preparation and hard work and the talent of hundreds of people have gone into delivering a monumentally complex and strategically important facility on time and on budget. There was an obvious need to invest at Québec City Jean Lesage International Airport because facilities were stretched to the limit during peak periods.

The first phase of YQB 2018 (construction of the new international terminal) is now complete and the second phase (refurbishing of the former international area) kicked off in January 2018.

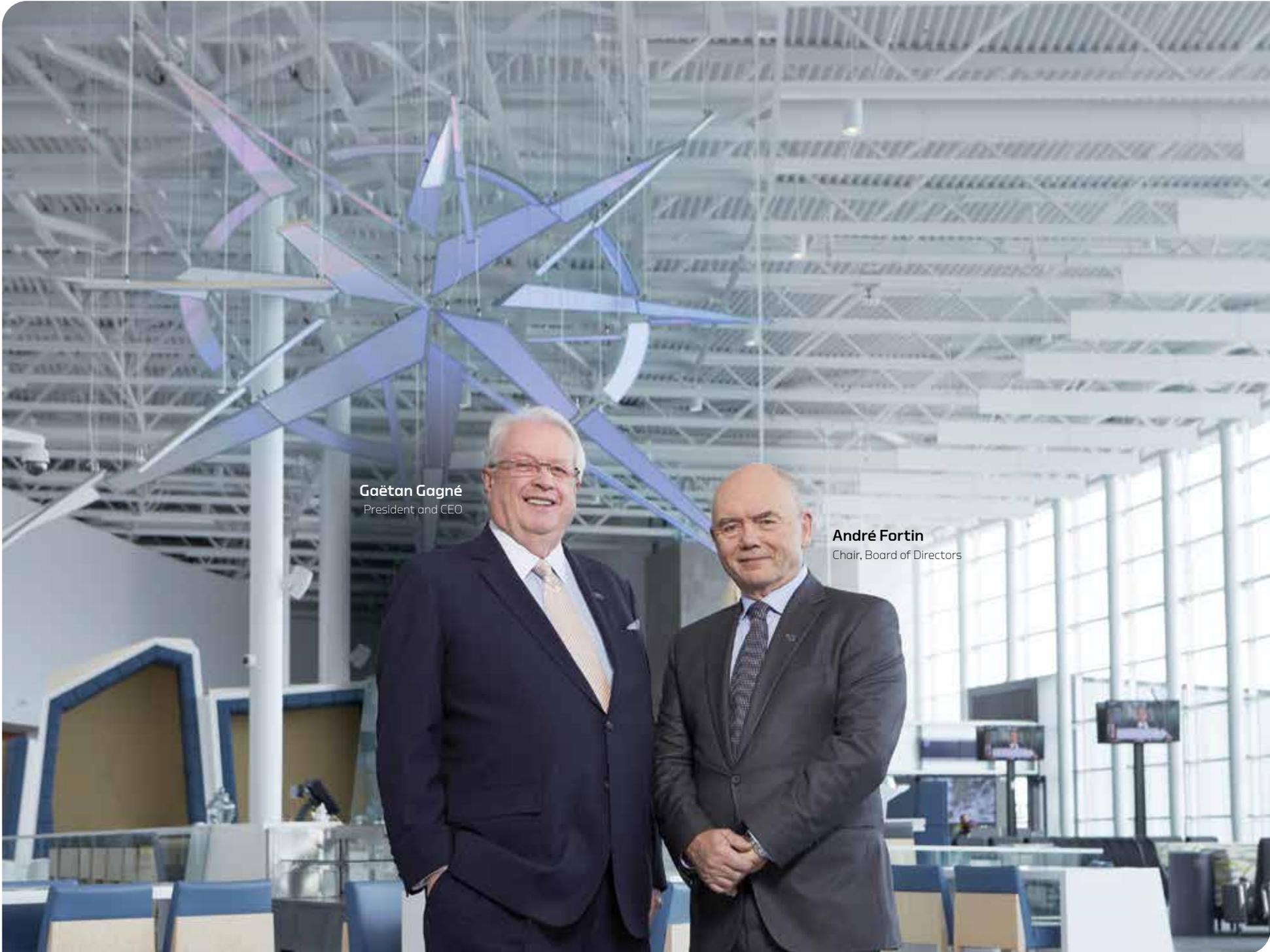
ANOTHER YEAR AND STILL GROWING

We are pleased to report that 1,670,880 passengers passed through YQB in 2017—a 3.4% increase over 2016, despite the fact that our main runway was closed for upgrades for 80 days and we had major construction projects going in the same period. By working with airlines, we welcomed 55,000 more passengers this year than in 2017 for an increase of 1,060 passengers per week—a pleasant surprise given the construction.

In fact, the number of passengers at YQB has grown by leaps and bounds in recent years. In 2017 we had over one million passengers more than in 2002, representing annual growth of about 7% for 15 years running.

Domestic traffic also soared in 2017. Flights between YQB and the hubs of Montreal and Toronto were especially popular. On the international side, we added direct flights to the airports of La Romana in the Dominican Republic, and Roatán in Honduras.

On June 15, 2017, WestJet substantially expanded its offering with 70 additional flights per week in and out of YQB, upping the total number of flights from 350 to 420 a week. This has not only enhanced service to Montréal (four daily flights) and Toronto (one more flight a day), but also made it easier to connect to airline partners serving Europe and Asia.



Gaëtan Gagné
President and CEO

André Fortin
Chair, Board of Directors

A WORLD-CLASS AIRPORT

It has been Québec City Jean Lesage International Airport's goal for more than a decade to become a world-class airport. Mission accomplished! Our enthusiastic, hard-working employees embrace new technologies and are trained on best industry practices so we can offer passengers a unique experience on par with the world's best airports.

YQB was voted North America's favorite airport in the Airport Service Quality (ASQ) survey in 2010, 2011, and 2013 (in the 0–2 million passenger category) and ranked highly in other years. Another accolade worthy of mention: *Priority Pass* members nominated our VIP lounge as the best in North America in 2015 and 2017 and gave it a "Highly Commended" mention in 2016.

Representatives from various international airports (LaGuardia, Marseille, etc.) toured our facilities during the year to learn more about our cutting-edge IT systems and seek inspiration for their own facilities. These visits clearly illustrate that we are now a big league player recognized around the world for our expertise.

YQB spares no effort in seeking to limit its environmental footprint. As part of YQB 2018, we dug 54 geothermal wells of an average depth of 167 m (550 ft.) and now boast one of the best energy consumption ratios per m² among Canadian airports according to two outside sources. Some 55% of our waste materials and 40% of the glycol we use is recycled. We also donated 3,000 trees to the community over three years to offset the environmental impact of the construction. To protect the bee population in our wooded areas and encourage the pollination of neighboring crops, we raise some 600,000 bees in eight highly productive hives. The premium honey they produce will be sold to the public and the proceeds donated to charity. These efforts show that YQB is committed to doing everything it can to protect its environment.

Our efforts to reduce greenhouse gas emissions at Québec City Jean Lesage International Airport were rewarded this year with Level 1 *Airport Carbon Accreditation (ACA)*, a global carbon accreditation program affiliated with Airports Council International (ACI). This accreditation speaks to our pledge to limit emissions from our own energy consumption and become an industry leader in the fight against climate change. The goal for 2018 is to further reduce our greenhouse gas emissions and obtain Level 2 accreditation by implementing an air emissions management plan across the organization. Our 2020 goal is to get our emissions 5% below base-year (2016) levels.

ROUTES AMERICAS 2019 AT YQB

YQB gained further international recognition when it was selected to host the Routes Americas 2019 conference after Québec City's bid beat out five other North and South American cities.

In February 2019 Québec City Jean Lesage International Airport will host Routes Americas 2019, one of the world's largest airline industry forums. Québec City will be the first Canadian host of the annual conference, which will draw over 1,000 aviation professionals representing some 85 airlines, 300 airports, and 50 tourism authorities to work out and negotiate the future of air travel.

The Québec City area will follow in the footsteps of past host cities like Denver, Las Vegas, San Juan, and San Salvador—carving out a strong position and promoting its tourist attractions and economic incentives with an eye to further airline industry development.

The 12th annual Routes Americas forum will also give representatives of airports in Canada and the Americas an opportunity to meet industry decision makers and build invaluable relationships with some of the world's most influential airline professionals. We are proud that we were selected to host the forum and know that it will put Québec City more prominently on the map. We would also like to thank the team at the Québec City Convention Centre for helping us put together our bid and promote the forum internationally.

NEXT CHALLENGE: U.S. PRECLEARANCE CENTER

On March 10, 2016, Canadian Prime Minister Justin Trudeau and then-U.S. president Barack Obama announced an agreement to build a U.S. preclearance center at YQB—a move that 95% of local residents support, according to a SOM survey. The center will have a huge impact on the Québec City area, generating sizeable economic benefits, cutting connection times to the U.S., creating new business opportunities for Canadian and U.S. carriers, and unquestionably boosting our region's tourism potential.

We will be able to offer more U.S. destinations, especially those with limited or no customs facilities. The economic spinoffs of a preclearance center will be felt by the business community and the tourism industry overall.

Bill C-23, *An Act respecting the preclearance of persons and goods in Canada and the United States*, was adopted on December 12, 2017. The next phase of negotiations is kicking off with stakeholders working to ensure that residents of the Québec City area get the same treatment as in other preclearance locations in Canada.

POISED FOR TAKEOFF

With the number of passengers on the rise and plans for new destinations in the works, YQB's teams are more motivated than ever. The potential for growth is undeniable and the possibility of adding regular direct connections between Québec City and Europe looks increasingly feasible. The emergence of more powerful aircraft, better equipped to handle our region's potential and able to fly direct transatlantic routes, should also work to our passengers' benefit.

The ideal model for expanding air travel according to best industry practices is to build a strong partnership between the airport authority, airlines, and community members active in economic and tourism development.

YQB's role is to build airport facilities that will meet tourism demand and the needs of key economic players in the region.

In 2017 we hired a European consulting firm with global reach to help us better target and approach carriers. This and other business development initiatives will allow us to serve more passengers in and out of YQB.

PASSENGERS STILL OUR FOCUS

Making passengers our top priority has always been our core value at YQB. The primary goal of our expansion over the past few years has been to offer more destinations at the lowest possible fares. Adding much-needed capacity fuels competition among airlines, driving down ticket prices in the process.

Case in point: the arrival of a new Québec City–Montréal carrier this year slashed fares on this leg by 71%—and our passengers were the ones reaping the rewards! Since we went private in 2000, each of our success stories, including our recent expansion, has been rooted in our *Passenger First*® philosophy.

ON SOLID FINANCIAL FOOTING

Expanding an airport requires long-term planning and a solid financial foundation, which is why sound management is a key priority at YQB. Since we are a non-profit organization, all our surpluses are reinvested in airport facilities, for the benefit of travelers in the Québec City area and visitors.

We are proud to announce that YQB posted a net revenues of \$8.6 million in 2017 with \$61.9 million in revenues. Our net assets are now valued at an enviable \$125.4 million— a clear sign of our organization's sound management and financial strength.

In keeping with its mission, Québec City Jean Lesage International Airport plays a decisive role in the economic development of our region and the country as a whole. In fact, according to the Conference Board of Canada, YQB airport operations generate \$628 million in gross domestic product (GDP) for Canada and supports over 5,600 jobs around the country.

THANK YOU FOR YOUR SUPPORT

To become a world-class airport, YQB must be able to offer premium service, which is why we upgraded our facilities to meet industry growth and accommodate more airlines and passengers. We are especially proud of our new international terminal, which clearly delivers on our promise to offer Québec City residents and visitors alike an experience on par with the world's leading airports.

We could not have done it without the invaluable support of our partners, many of which have successfully navigated operational challenges requiring creative solutions in recent years.

Our sincere thanks also to our board of directors and senior management and to our employees who shape the narrative at YQB every day. The success our organization has enjoyed in recent years is a direct result of your drive and energy. We are proud and grateful to have one of the highest employee engagement rates.

A special thanks to the site construction professionals and workers, our vendors, and all those who contributed—from near or far—to completing the mission-critical project that is YQB 2018.

Lastly, we would also like to extend our warmest thanks to our 1,670,880 passengers for their loyalty and appreciation. By choosing to fly through Québec City Jean Lesage International Airport, you are contributing to our region's economy, helping us fulfill our role as an economic driver, and above all, boosting the sense of pride in our community!

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

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

BOARD MEMBERS



**ANDRÉ
FORTIN**

CPA, CA, ASC, Lawyer

President, Imafa Inc.
Board Chair
Ex-officio Member
of All Committees
Appointed by
the City of Lévis
Board Member since 2010



**GAËTAN
GAGNÉ**

C.D., LLIF, C. Dir., ASC

President and CEO
Director, AQi
Board Member from 1997
to 2010 then from 2013
until now



**JEAN-
CLAUDE
L'ABBÉE**

Vice Chair
Ex-officio Member
of All Committees
Appointed by
the Government of Québec
Board Member since 2011



**ALAIN
APRIL**

ASC, Adm.A

Co-owner and General
Manager, Le Bonne Entente
Audit Committee Member
Appointed by
the City of Québec
Board Member since 2012



**FRANCE
BILODEAU**

FICA, CFA, ASC, Actuary

Nominating, Governance,
and Human Resources
Committee Member
Appointed by
Chambre de commerce
et d'industrie de Québec
Board Member since 2016



**LISE
LAPIERRE**

FCPA, FCA, ASC

Associate Director,
Acces Capital Québec
Audit Committee Chair
Appointed by
Chambre de commerce
de Lévis
Board Member since 2012



**LILIANE
LAVERDIÈRE**

MBA

Nominating, Governance,
and Human Resources
Committee Chair
Appointed by
Chambre de commerce
et d'industrie de Québec
Board Member since 2010



**ANDRÉ
LORTIE**

President, Lortie Aviation
Planning and Development
Committee Member
Appointed by
Chambre de commerce
et d'industrie de Québec
Board Member since 2013



**JEAN-GUY
PAQUET**

C.C., G.O.Q., ASC, P.Eng.

Board Member of companies
Planning and Development
Committee Chair
Appointed by
the City of Québec
Board Member since 2012



**PIERRE
PELLETIER**

Lawyer

Risk Management
Committee Member
Appointed by the Board
of Aéroport de Québec inc.
Board Member since 2013



**RENÉ
ROULEAU**

MAP

Risk Management
Committee Member
Appointed by
the City of Québec
Board Member since 2016



**LOUIS
TÉTU**

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



**DENIS
THERRIEN**

CPA, CA

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



**SOPHIE
LEFRANÇOIS**

ASC, Lawyer

Corporate Secretary
and Compliance, AQi

MANAGEMENT TEAM



President
and CEO Director

**GAËTAN
GAGNÉ**
C.D., LLUF, C. Dir., ASC



Vice-President,
Operations

**SERGE
ST-LAURENT**
M.Sc., IAP



Vice-President,
Finance

**FRANÇOIS
BILODEAU**
CPA, CA



Vice-President,
Infrastructure

**DANIEL
PERREAULT**
P. Eng., IAP



Vice-President,
Marketing and Development

**BERNARD
THIBOUTOT**
BAA



Vice-President,
Information Technology

**MARC-
ANDRÉ
BÉDARD**



Corporate Secretary
and Compliance

**SOPHIE
LEFRANÇOIS**
ASC, Lawyer

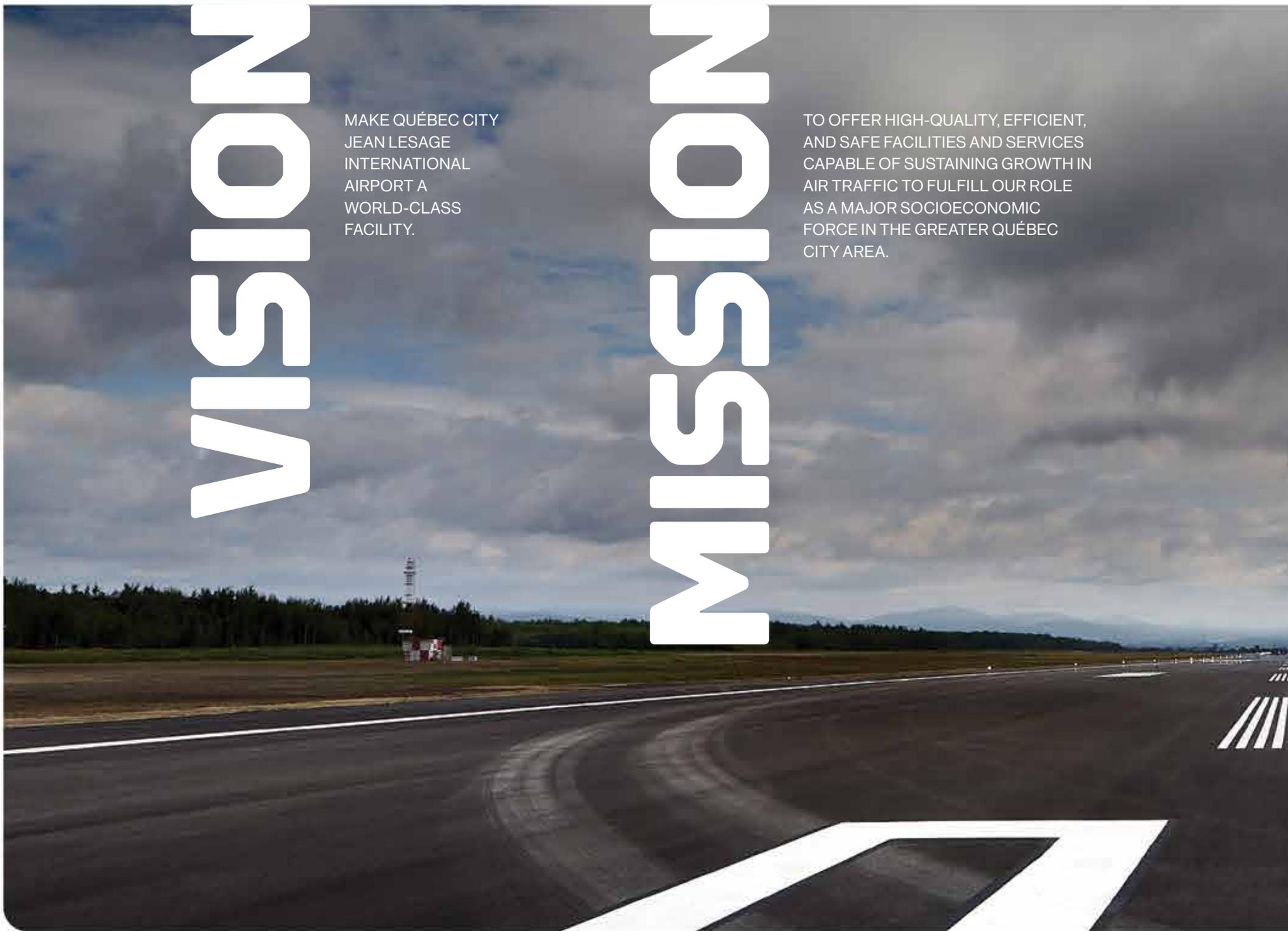


VISION

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.



2017 HIGHLIGHTS

AIR TRAVEL DEVELOPMENT

It was another year of growth for Québec City Jean Lesage International Airport (YQB) in 2017. Against all odds, we saw a 3.4% increase in the number of passengers over 2016—for a total of 1,670,880—despite repairs to the main runway that limited access to major carriers May 23 to August 9, 2017.

Domestic air passenger traffic was up once again this year. With WestJet Encore adding four new daily Québec City-Montréal (YQB-YUL) flights June 15, 2017, and one new flight to Toronto Pearson (YYZ), passengers could choose from 70 additional domestic flights per week. This has not only enhanced service to these destinations, but also opened up new options for air travelers through WestJet code-share agreements. The new flights make it easy to connect with WestJet's European and Asian airline partners, which include Air France, KLM, Emirates, China Southern, and Korean Air.

On the international side, Delta left the playing field because its regional carrier filed for bankruptcy. But with United Airlines continuing to serve New York's Newark Liberty International Airport, our passengers have been largely unaffected. As it did at most Canadian airports, with the exception of a few hubs, cross-border traffic decreased at YQB. This can be explained by a pilot shortage, a change in

U.S. regulations prioritizing airports with a preclearance center, and the fact that aircraft are getting larger all the time so there are more passengers per flight.

In Q1 2017, we hired ASM, a Manchester England-based consultants firm, to help us identify carriers interested in offering direct service to Europe. We also attended a number of airline industry development conferences and stepped up meetings with Canadian and European carriers.

UBM, one of the world's leading airport meeting and event organizers, selected YQB to host the 2019 Routes Americas aviation forum. It will take place in Québec City in February 2019—a first for Canada. Our teams are already hard at work organizing the event, which will draw some 1,000 participants representing more than 80 airlines, 300 airport authorities, and 50 tourism authorities to work out and negotiate the future of air travel in the Americas.

A regional committee was formed last fall to expand air service from Québec City Jean Lesage International Airport. The committee met for the first time on December 11, 2017.



PASSENGER EXPERIENCE

With the ongoing construction, the Passenger Experience team had its work cut out for it in 2017. Through its efforts we substantially reduced the project's impact on passengers while continuing to deliver service worthy of our Passenger First philosophy. We are continuing to gauge passenger satisfaction through an *Airport Service Quality* (ASQ) survey so we can take feedback into account with a view toward continuous improvement. Communication with passengers is always a priority, and we plan to continue conducting the survey in years to come.

Thanks to the outstanding work of the management team, YQB's VIP lounge was recently nominated North American Lounge of the Year by Priority Pass program members, beating out 45 other airport lounges. YQB won the same award in 2015 and received a "Highly Commended" mention last year. VIP lounge traffic continues to grow. We made several minor changes to the services available and expanded capacity.

A video was produced during the year to raise awareness within the airport community of the importance of our *Passenger First*[®] philosophy. The video, featuring representatives of various airport partners, was a big part of the new terminal orientation process for YQB employees. This was only the first phase in a more extensive *Passenger First*[®] training program planned for 2018.

AIRPORT OPERATIONS

The Operations team had a lot on its plate in 2017. Not only did it have to maintain tight security while continuing to offer first-rate customer service, it had to contend with two major work sites as the new terminal was being built and repairs were being made to the main runway. Although the runway project involved hundreds of workers and trucks, it was completed safely, with no incidents or flight delays. The team took over operations at the new terminal on October 13, 2017. Airport Operations then conducted three basic and three advanced tests involving more than 500 volunteers

as part of the Operational Readiness and Airport Transfer (ORAT) program. The goal was to put the new terminal through its paces before the opening on December 11, 2017.

Changes were made to airfield signs and markers this year, making YQB one of Canada's first airports to fully comply with the latest requirements set out in the 5th edition of Aerodrome Standards and Recommended Practices (TP312).

YQB also became the first airport in North America to take a Schmidt airside snow removal equipment out for a trial run. Knowing the proven expertise of our managers, snow removal teams, and mechanics, the European manufacturer selected YQB to help put the finishing touches on the North American version of its product.

A continuous improvement project was completed with Technical Services to fine-tune our snow removal techniques and runway light installation procedures so there are fewer breakages.

AIRPORT SECURITY

In 2017 we consolidated the roles and responsibilities of the three Airport Protection Division departments: the Operational Control Center, Airport Security Service, and Aircraft Firefighting Service.

From February 8 to 11, 2017, Division managers received emergency response management training with a view to improving efficiency and team synergy. As it turned out, the training came in very handy in a number of emergency situations during the year. We put our evacuation plan to the test when a suspicious package was discovered on September 10, 2017. The incident prompted us to revisit certain procedures, but the operation was successful nonetheless and once again provided the opportunity to demonstrate that passenger safety is our top priority.

Much of 2017 was spent preparing for the opening of the new international terminal. The department took part in the ORAT process, overseeing preparedness testing and key areas of operation. We are proud of our work with the other departments in the organization.

The Operational Control Center started off the year by creating a flight planning agent position. The planning agent's role is to optimize coordination of available resources over the medium and long term.

Since runway 06-24 was closed for 80 days during summer 2017, the Projects team had to work closely with the many different stakeholders to manage operations. With this cooperative approach, we successfully met all deadlines and maintained the security of day-to-day operations while keeping other operational impacts to a minimum. The Operational Control Center will also help coordinate the June 2018 G7 Summit. The coming years looks especially promising, with construction of a new Operational Control Center.

For the Aircraft Firefighting Service, 2017 was a year of change and progress. Our fleet—one of the most efficient in the country—was expanded with the addition of a third Oshkosh Striker truck. This makes us much more response-ready and improves passenger safety. The Aircraft Firefighting Service also acquired new state-of-the-art equipment, including a thermal camera, powerful rescue tools, and a nozzle that can pierce the fuselage of an aircraft and extinguish a fire from the outside. Officers and firefighters received training on the new tools.

The Aircraft Firefighting Service carried out exercises to improve coordination with Airport Security and the Operational Control Center in an emergency. These proved very instructive and have led to marked improvements in procedures. As a further step in our emergency response preparedness, we plan to acquire tabletop exercise software in the near future.

2017 Highlights

Our *Emergency Response Plan (ERP)* was in need of a complete revamp, so our Division head enthusiastically tackled the task of charting the roles and responsibilities of all internal and external stakeholders. A number of meetings and discussions were held to ensure solid coordination between stakeholders in the event of an emergency. Our new EMP should be ready in early 2018.

We also reviewed our first aid program in 2017 with a view to improving passenger service. The Airport Security team is now responsible for administering first aid in the terminal. Our team now includes patrol/first aid officers equipped with portable kits and Segways, making them more mobile and ready to provide the highest standards of service to employees and travelers.

YQB developed an active shooter incident awareness campaign in response to the events at the Fort Lauderdale airport on January 6, 2017. The program, which includes an informative video filmed at YQB, is aimed at all airport community employees.

Lastly, YQB is proud to be one of eight airports participating in the *Canadian Aviation Security Awareness Program (CASAP)*, a national initiative to provide consistent guidelines to new employees. Candidates applying for a Restricted Area Identity Card (RAIC) must take the training, which includes a general section applicable to all Canadian airports and one specific to Québec City Jean Lesage International Airport.

SAFETY MANAGEMENT SYSTEM

YQB implemented all required measures (risk management, equipment and facility inspection, process auditing) to ensure safe operations in 2017.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

YQB spares no effort in ensuring all operations are environmentally friendly. One of the requirements of YQB's lease with Transport Canada is that it have an environmental management system (EMS) based on ISO 14001. The following points are all part of our EMS and an integral part of activities:

- A recycling program for hazardous and non-hazardous waste materials
- A maintenance and inspection program for oil tanks and oil interceptors on airport property
- Environmental offset measures:
 - Annual donation of 1,000 trees to a non-profit organization to be distributed free to residents plus \$1,000 to run the program
 - Maintenance of eight beehives on airport property and sale of honey with proceeds going to charity (four more hives will be set up in 2018)
 - Preliminary sustainability report as per *Global Reporting Initiative (GRI)* guidelines (report drafted in 2017 based on 2016 data and audited by Raymond Chabot Grant Thornton)
- Accreditation by Airport Carbon Accreditation, a global organization affiliated with Airports Council International (ACI) World, whose mission is to promote measures to reduce carbon emissions at airports. YQB was awarded Level 1 certification in 2017 and will pursue Level 2 in 2018
- Management of waste snow (two onsite snow dumps), de-icing products, and halocarbons
- An effective accidental spill management procedure



- Environmental assessment of new projects and effort to reduce energy and water consumption for new structures
- A wildlife management program

The noise management committee met three times in 2017 to discuss the concerns of residents living near the airport.

HUMAN RESOURCES

At Québec City Jean Lesage International Airport, you regularly see employees going above and beyond the call of duty in assisting coworkers and passengers. That's why YQB's recognition committee created the BRAVO CHARLIE program—so these good deeds do not go unnoticed. YQB employees simply log on to the intranet to recognize colleagues who have gone the extra mile.

YQB also developed an individual employee training plan this year. It will allow us to more accurately define each employee's day-to-day tasks and responsibilities and also measure the effectiveness of technical training, which will be evaluated by the trainer and manager after the fact. The plan covers Transport Canada regulations, airport operational obligations, and the requirements of each position.

In April an orientation video was produced to explain YQB's three core values and three strategic objectives to new employees. The video presents the organization's overall vision and helps creating a sense of belonging in new employees.

We also revamped the YQB 101 training given to new employees. It covers the airport community, the YQB environment, and the impact each employee has on the

organization's long-term success. The training is now delivered by a group of employees from different departments.

The theory course for members of the airport community seeking to obtain an Airside Vehicle Operator's Permit (AVOP) is now available online and can be taken at their convenience.

For the third straight year, Security, Safety & the Environment Month was held in May and was a resounding success. Starting in September, YQB also began organizing monthly activities to address these key issues more consistently throughout the year.

We shared our health and safety know-how again this year by participating in the *Safety Round Table* in September 2017. As a matter of fact, the 2018 meeting will be held at YQB. We look forward to hosting the best and brightest from Canada's airports. Université Laval also invited YQB's health and safety advisor to give a talk to its industrial relations students about YQB's practices and procedures.

INFORMATION TECHNOLOGY

The Information Technology team had little downtime in 2017, with the opening of the new international terminal and installation of all the requisite technology, including automated border clearance self-serve kiosks and communications and dynamic display systems. The team had to test the new tools and then train employees on how to use them so everyone would be ready when the doors opened on December 11.

In January 2017 YQB launched a mobile app designed to facilitate air travel before passengers even get to the airport. The app uses location-based technology to send passengers notifications, instructions, and other real-time content, with the option of contacting a member of the Passenger Experience team directly. Friends and family can also check the status of a flight and the whereabouts of the person they are picking up.

On November 30, 2017, YQB was awarded the grand prize in the "*site or application – service of the year*" category at the 23rd annual Boomerang Awards. The app is available on the App Store and Google Play. It has been downloaded by over 10,000 users since its launch in Q1 2017. We plan to make a number of updates in 2018 to improve the level of service to passengers.

Since a good many of YQB's management and operating activities are now cloud-based, considerable effort was put into strengthening our data exchange infrastructure to improve interoperability among airport-based systems, cloud-hosted systems, and our outside partners' systems. This data movement together with the added vulnerability of the cloud prompted us to put more of an emphasis on cybersecurity. We thus completed a number of projects designed to give users more flexibility without compromising our best-in-class security.

We also kicked off a collaborative platform project this year. Slated for rollout next year, the central platform will facilitate interaction among employees and partners in various ways. It will also be made available to the airport community as a whole to make collaboration that much easier.

REAL ESTATE AND COMMERCIAL MANAGEMENT AND DEVELOPMENT

In addition to its regular revenue agreement management activities, the Real Estate and Commercial Management and Development Division proceeded with the selection of the shops and restaurants that would be part of YQB 2018. We received a number of great proposals through private contract negotiations and the request for proposals issued in early 2017. We are confident that the local, national, and international partners we have selected will deliver services that meet the needs of passengers, their travel companions, and YQB employees.

YQB MANAGES 8 HIVES
TO HELP POLLINATE
NEIGHBOURING CROPS



2017 Highlights

Four new concepts and vendors were unveiled in July 2017, including a new duty free shop operated by Aer Rianta International, a central bar and a café/restaurant run by Nourcy, two Relay stores, and two International Currency Exchange counters. In November 2017 it was announced that a Starbucks was on its way. The Loop duty free shop—four times the size of its predecessor—has the look and feel of the leading international chains and a broad selection of luxury goods and exclusive products. It has been offering a one-of-a-kind shopping experience to passengers since it opened in December. The Nourcy central bar also opened in December. Located in the center of the new international terminal, the eatery serves up local fare in a relaxed and delightful setting. The compass rose suspending above the central bar, combined with the view of the runways and mountains, makes a striking impression and will surely be a real differentiator for YQB. Other food service vendors will be announced in 2018.

By popular demand, the terminal now boasts massage chairs and a Best Buy electronic vending machine to improve the passenger experience.

Through partner agreements, passengers are now able to use the search engine on the YQB website to find and book a rental car at a discounted rate.

YQB brought on a new refueling operator this year, Harnois Groupe pétrolier. Several building projects are also being explored with current and potential tenants.

YQB also purchased a building that was constructed and has been operated by Hélicoptères Canadiens since 2005. The building, which was rented to a partner operating at YQB, had been used as an aviation training and equipment storage facility.

MARKETING AND COMMERCIAL DEVELOPMENT

In 2017 the Marketing and Development Department finished rolling out the new YQB brand image, with input from other concerned departments.

In August 2017 Réseau de transport de la Capitale (RTC) announced a plan to create Route 6 to establish regular service between the airport, Québec City tourist attractions, and the Sainte-Foy hub (Laurier-Lavigerie-Hochelaga area). RTC has not yet specified in what year the shuttle will be put into service.

The number of taxi fares continues to grow even though Uber service is now available at YQB. We also worked on developing a taxi system management tool. The purpose of the pilot project is to test a platform for managing queues and automating the passenger pickup process at the airport. Unlike traditional physical booths and kiosks widely used to manage taxi flow, YQB has had a custom interface developed that will fully integrate with the dispatch system already in use by 95% of taxis at the airport. Taxi drivers will automatically be added to a virtual queue when they arrive at the taxi waiting area and will be assigned fares in order of arrival. The solution will be tested in early 2018 for rollout later in the year.

With YQB 2018 construction underway, a number of display ads had to be moved or taken down. New spaces will become available in Q3 2019. Despite these challenges, advertising revenues continued to climb in 2017.

AIRPORT PLANNING

The Airport Planning Division worked on a number of projects over the year, including developing a master plan, an airport road access study related to a potential highway entrance at the airport, an overhaul of the airport's operations manual, the launch of Phase 1 of the geographic information system (GIS) application for airport employees.

As part of the terminal expansion, the Airport Planning Division also provided input on the design of the new check-in hall, passenger check-in simulations, and Operational Readiness and Airport Transfer (ORAT) activities in preparation for the opening of the new international terminal.

The team also collaborated progress on other projects, such as paving 9^e Rue and the RCMP parking lot, developing the southwestern sector, reconfiguring the Charlie taxiway, and an analysis for future runway end safety area (RESA).

TECHNICAL SERVICES

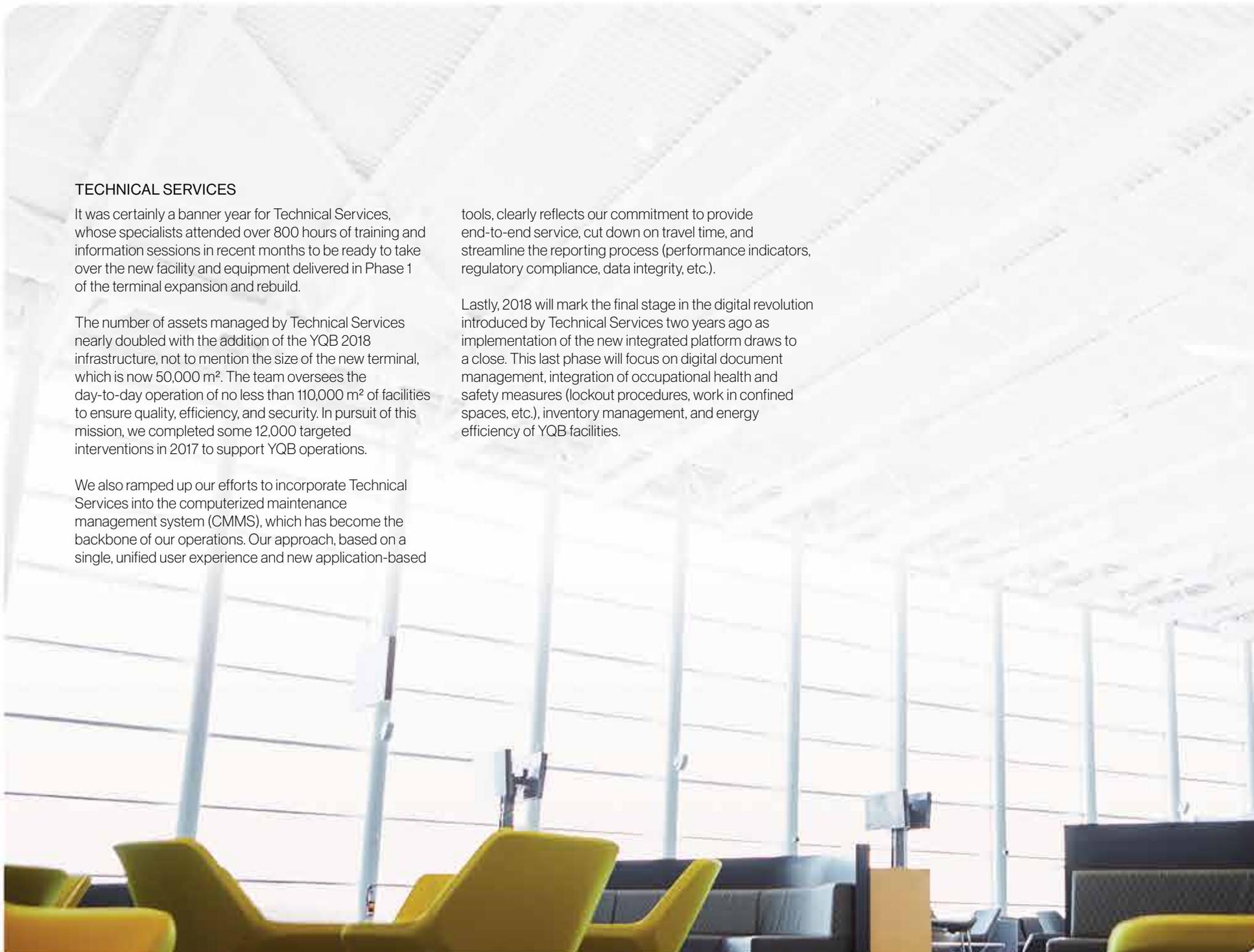
It was certainly a banner year for Technical Services, whose specialists attended over 800 hours of training and information sessions in recent months to be ready to take over the new facility and equipment delivered in Phase 1 of the terminal expansion and rebuild.

The number of assets managed by Technical Services nearly doubled with the addition of the YQB 2018 infrastructure, not to mention the size of the new terminal, which is now 50,000 m². The team oversees the day-to-day operation of no less than 110,000 m² of facilities to ensure quality, efficiency, and security. In pursuit of this mission, we completed some 12,000 targeted interventions in 2017 to support YQB operations.

We also ramped up our efforts to incorporate Technical Services into the computerized maintenance management system (CMMS), which has become the backbone of our operations. Our approach, based on a single, unified user experience and new application-based

tools, clearly reflects our commitment to provide end-to-end service, cut down on travel time, and streamline the reporting process (performance indicators, regulatory compliance, data integrity, etc.).

Lastly, 2018 will mark the final stage in the digital revolution introduced by Technical Services two years ago as implementation of the new integrated platform draws to a close. This last phase will focus on digital document management, integration of occupational health and safety measures (lockout procedures, work in confined spaces, etc.), inventory management, and energy efficiency of YQB facilities.



YQB 2018: NOW DELIVERING A WORLD-CLASS EXPERIENCE

This year marked a major milestone in the growth of Québec City Jean Lesage International Airport (YQB) with the opening of its new international terminal—the largest construction project in its history. Worth a total of \$277 million, this investment and its parallel projects have required years of preparation, months and months of hard work, and the talent of hundreds of people to deliver—on time and on budget—a monumentally complex and strategically important facility.

YQB 2018 has several objectives: increase capacity to meet the needs of passengers, fuel competition among carriers, and offer lower fares to the traveling public as a result.

Above and beyond the 550,000 hours of work it has necessitated since 2015, YQB 2018 is the linchpin of a strategy to position YQB as a world-class facility able to compete with the best and ready for the substantial

growth in air travel expected over the next 20 years. The new terminal opened to the public on December 11, 2017.



OFFICIAL INAUGURATION OF THE NEW INTERNATIONAL TERMINAL ON NOVEMBER 16th, 2017



RIBBON CUTTING BY THE VERY FIRST PASSENGERS ON DECEMBER 11th, 2017

THE PROJECT OVER THE MONTHS

YQB 2018 encompasses more than 10 individual projects, including construction of a new state-of-the-art international terminal, upgrades runways and aircraft traffic lanes, and development of premium shopping and dining options.

YQB 2018 is also like a dauntingly challenging puzzle—a jigsaw you have to put together while keeping the airport open 24 hours a day, 7 days a week, but whose pieces form a vital part of the Québec City picture. When it came to managing some of the largest construction sites in the Québec City area, careful planning and close oversight were keys to success.

OCTOBER 2015



JANUARY 2016



JUNE 2016



SEPTEMBER 2016



MAY 2017



NOVEMBER 2017



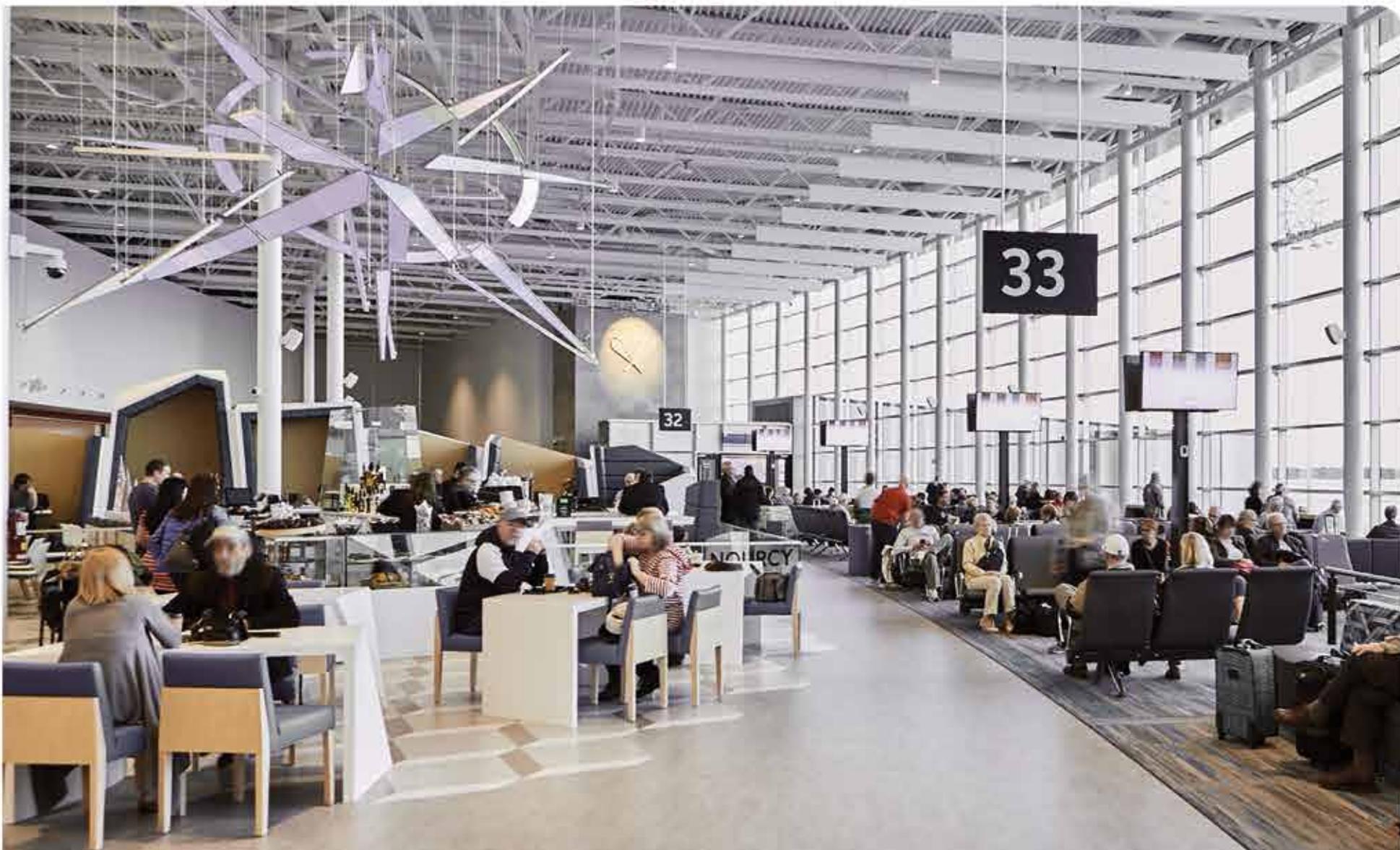
YQB 2018 was highly innovative in its design approach based on Building Information Modeling (BIM)—a first in Québec for a project of its size. The design also reflected a desire to raise the bar for sustainable construction by leveraging geothermal energy, automatic lighting, heat exchange, and fresh air flow control technology.

From the beginning, it was clear the project was an opportunity to follow an outside-the-box, sustainable approach:

- An aviation hangar adjacent to the work site was converted into a project office.
- Over 100 professionals from six different firms met in the same project office for months working toward a shared goal.
- A BIM-based design was used to detect and correct planning errors immediately, make informed decisions, and control future maintenance costs.
- A virtual 3D mockup showed the project taking shape in real time and integrated building maintenance data to track the lifespan of the individual components, their warranties, and their technical specifications.
- There was a heady and contagious sense of excitement and enthusiasm about being involved in the construction of the new terminal and ancillary facilities.

The project was divided into two phases to make it easier to keep day-to-day operations running smoothly during construction and have enough loading bridges for the number of flights, which kept right on going up!

The first phase of terminal expansion kicked off in spring 2015 and was completed on time and on budget. The second phase will involve upgrades to the current terminal. These began in January 2018 and will wrap up in 2019 when the two terminals will be permanently joined.



LIGHT-INFUSED ARCHITECTURE AND NORDIC-INSPIRED DESIGN

The heart of the new terminal features plenty of natural light and windows offering views of the runways and Mount Bélair. It has an open, comfortable feel to it. The design evokes the St. Lawrence River and all things Nordic, like its benches in the shape of glaciers.

There is also an impressive mobile light fixture that hangs overhead. If you stand on the blue spot, the 40 panels transform into a stunning compass rose—a nod to the mosaic that used to grace the floor of the old terminal.

The geometric fixture was designed specifically for YQB 2018 by Art Design Novation (ADM) under the artistic direction of sculptor Éric Lapointe.



ON YOUR MARK, GET SET, TEST!

And what about operations? To bring the new facility online as seamlessly as possible, we looked to the highest industry standards, opting to follow the *Operational Readiness and Airport Transfer (ORAT)* method to smoothly transition to public use. ORAT is a time-tested German approach that has been used to open many an airport around the world over the past 20 years.

ORAT includes six phases:

1. Development of the guide and operational concept
2. Operational meeting in key sectors
3. Familiarization, training, and mobilization
4. Simulations
5. Operational transfer of activities
6. Post-opening follow-ups

The general public was invited to take part in the simulation exercises. The response was immediate: 500 available slots were filled within days. The volunteers took their role seriously and shared constructive feedback to help us improve the experience and exceed passenger expectations.





ONWARD AND UPWARD

YQB continued to grow in 2017, welcoming 1.7 million passengers despite construction. YQB's passenger traffic has grown at a compound annual rate of 7% for ten years straight and the airport now offers 420 flights a week, some 30 direct destinations, and global access. Its operations also generate thousands of jobs and major economic spinoffs.

Today we are even better prepared to handle the boom in international air travel, attract new stakeholders, and give passengers a memorable Québec City experience. Now for the next challenge: the U.S. preclearance center to speed our growth and position us among the country's top airports. Our objectives are clear: continue working to make Québec City easier to get to, strengthen its connections to the rest of the world, and enhance its economic growth and visibility for the benefit of our passengers.

"I would like to give a special thanks to my team and the hundreds of employees who have brought our vision to life. Talented and dedicated, you are driven by excellence and consistently go above and beyond. I am honored to work with you."

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

YQB: A KEY DRIVER OF ECONOMIC DEVELOPMENT

YQB is a catalyst for growth in the region, generating \$628 million in economic benefits and 5,674 jobs.

Over the years Québec City Jean Lesage International Airport (YQB) has become a powerful engine of economic development in the region.

A 2017 study by the Conference Board of Canada offered a neutral, third-party assessment of the economic benefits generated by YQB. The Conference Board's findings speak for themselves.

Airport operations at Québec City Jean Lesage International Airport generate \$628 million in gross domestic product (GDP) for Canada and generate 5,674 full-time jobs around the country.

Airport operations	Québec City area	Rest of Québec	Other Canadian provinces	Total
GDP (in current thousands)	\$260,000	214 000 \$	\$153,694	\$627,694
Jobs	1,863	2,384	1,427	5,674



These numbers clearly show that YQB is a key economic driver in the region and plays a decisive role in Canada's prosperity. The spinoffs are so great that they benefit not only the local economy, but the provincial and national economies as well.

The Conference Board of Canada also found that:

- YQB generates \$114 million in employment income in the Québec City area
- The various levels of Canadian government collect some \$63 million in indirect taxes and levies as a result of YQB's operations alone
- Visitors who pass through YQB spend nearly \$210 million in the Québec City area every year— an average of \$630 each

AND THAT'S NOT ALL!

From 2005 to 2019, YQB will have invested just over half a billion dollars in infrastructure (terminal, buildings, runways, and more). According to Conference Board of Canada estimates, this construction work will generate \$506 million in GDP and generate just over 6,000 jobs across the country.

Construction work	Québec City area	Rest of Québec	Other Canadian provinces	Total
GDP (in current thousands)	\$214,591	\$212,568	\$78,830	\$505,989
Jobs	2,802	2,335	877	6,014

**PRIDE, DRIVE,
AND CONFIDENCE
ARE THE KEYS TO
PROSPERITY: FOR YOU,
FOR US, AND FOR THE
PEOPLE WE SERVE.**

ENGINEERING AND CONSTRUCTION 2017 PROJECTS

Québec City Jean Lesage International Airport (YQB) continued to make infrastructure improvements over the past year—the most important being completion of the new international terminal and repair of runway 06-24. Read on to learn more.

NEW INTERNATIONAL TERMINAL

The terminal expansion project (Phase 1) began in April 2015 and was completed on December 11, 2017. The YQB 2018 team pulled out all the stops to get the new facility built and equipment installed on time, on budget, and according to plan. We are very proud to have completed the biggest expansion in YQB history.

The design of the new terminal was inspired by Québec winters. It features modular shapes that evoke snow and ice, offset by warmer materials. Cool colors and interesting lighting further accentuate the space and make a striking impression as passengers walk in the door.

New furnishings in the boarding areas (seats, benches, lounge space, work counters, etc.) add to passenger comfort and convenience. About 80% of seats now have electrical and USB outlets for passengers to charge their devices.

CONSTRUCTION OF HEATING AND COOLING PLANT AND GEOTHERMAL FIELD

Construction of the new heating and cooling plant and geothermal field near the control tower kicked off in April 2016 and was completed in fall 2017. YQB facilities are now primarily powered by heat exchange and geothermal energy—an investment that is both environmentally friendly and cost-effective.

New terminal by the numbers

112 smoke detectors

5,035 sprinkler heads

3,325 LED lights

216 cameras

166 electric panels

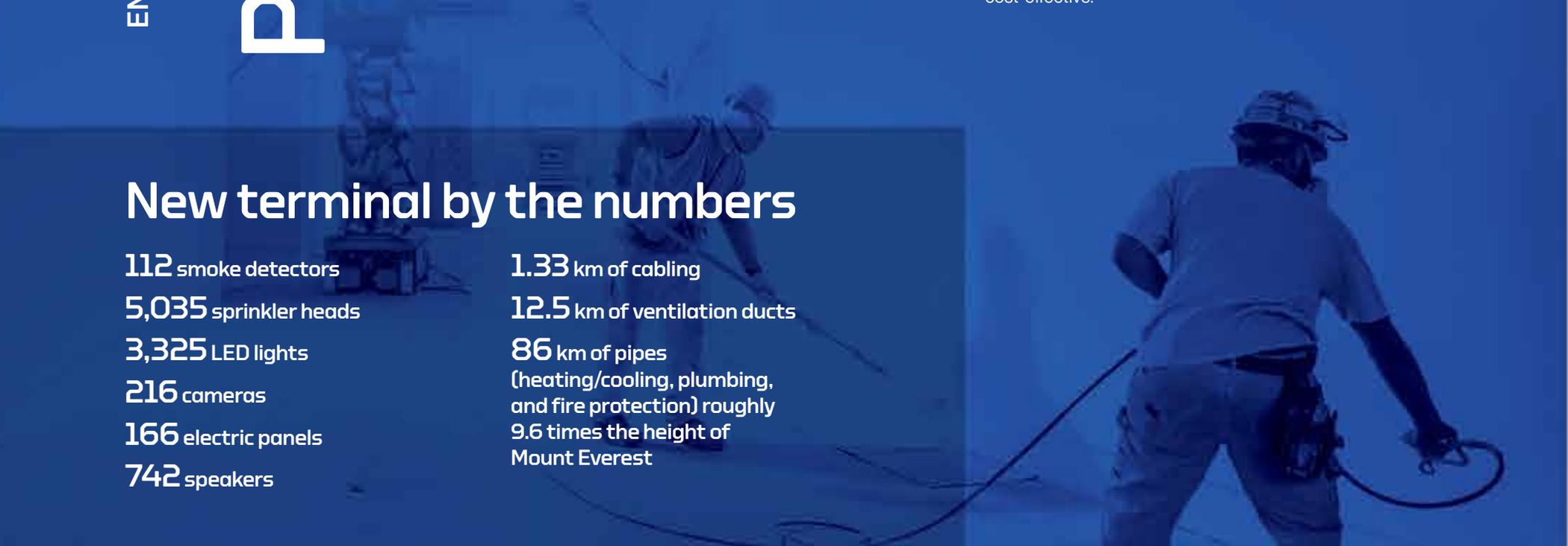
742 speakers

1.33 km of cabling

12.5 km of ventilation ducts

86 km of pipes
(heating/cooling, plumbing,
and fire protection) roughly

9.6 times the height of
Mount Everest



YQB 2018: A BIM MANAGEMENT MODEL

YQB has always placed great importance on emerging technologies and continues to be a technology trendsetter. For the terminal expansion and upgrade, our teams used an innovative project management model known as building information modeling (BIM). There is a video on the YQB 2018 website (www.yqb2018.com) describing the BIM approach and how it was used at YQB. YQB applied BIM up to and including the sixth dimension (6D), which concerns sustainability (e.g., energy assessments).

We are frequently invited to speak on our forward-looking approach at conferences and seminars and we receive a lot of site visit requests. YQB representatives serve on various committees advocating for the adoption of BIM, and team members attend seminars on the topic.

Going forward, YQB plans to harness the full potential of BIM in managing and maintaining these buildings.

RENTAL SPACE BUILD-OUT AND ARRIVAL OF NEW VENDORS

Work was done in 2017 to build-out retail space for four new vendors that opened their doors in the new terminal on December 11, 2017.

The new duty free shop operated by Aer Rianta International quadrupled in size, from 100 m² to 400 m². It carries an extensive selection of luxury goods, including makeup, perfumes, sunglasses, and accessories, as well as an array of tobacco products, wines, and spirits.

A few steps away, existing YQB vendor Paradies Lagardère Travel Retail (Relay) operates a completely revamped and expanded convenience and travel store. When work is completed in 2019, there will also be a Relay newsstand in the public area.

International Currency Exchange, a long-standing fixture at YQB, has two new custom-built exchange counters—one in the public area and one in the sterile area.

The new terminal also has a real local feel with the arrival of noted Québec City delicatessen operator Nourcy, with its striking, asymmetrical bar centrally located in the sterile area. Alcove booths around the bar beckon to passengers seeking a quiet place to relax and enjoy something to eat or drink. The menu includes meals, alcoholic beverages, and Nourcy's famous pastries and gourmet chocolates. Once renovation of the old facility is complete in 2019, Nourcy will also operate the café/restaurant in the public area.

A dazzling mobile light fixture designed by sculptor Éric Lapointe of Art Design Novation (ADN) hangs over the bar. Called *Tous Azimuts* (All Out), the unique piece is inspired by YQB's vision of an exciting, digital, interactive future. It is made up of 40 aluminum panels covered with taut fiber optic fabric powered by built-in LED lights. The shapes and colors of the fixture change depending on the time of day and your perspective. From one spot, the structure looks like a compass rose—a nod to the mosaic that used to be on the floor of the old terminal. Now this compass rose 2.0 looms large over the heart of the new terminal in a glittering tribute.

Work has also begun on a Starbucks, which will sell coffee, beverages, baked goods, breakfast, lunch, and protein boxes starting in summer 2018. The new store will be 100 m² in size and located in the sterile area where passengers emerge from security.

COMMUNICATIONS AND PUBLIC RELATIONS MANAGEMENT

We have put a lot of effort into conveying the YQB 2018 experience to passengers and stakeholders over the past year, even before the new facilities were open. We worked on a virtual model of the new terminal early in the year. The goal of platform 360.yqb2018.com was to be able to show a virtual rendering that was as lifelike as possible. Obviously the platform was Web-based, but the project also included an innovative, on-the-ground experiential marketing component. A squad was sent out on a YQB 2018 promotional tour, visiting different events and public places in the Québec City area to let people take a virtual tour of the new terminal. The initiative included a big promotional campaign and a contest.

We also conducted a number of site tours for our partners, and the general public was able to explore the new terminal through the YQB 2018 simulation game. There was a series of announcements in 2017 about YQB 2018, including one about our new shops and services. It all culminated in two historic dates: the unveiling of the new terminal on November 16 attended by elected officials and members of the business community, and the grand opening on December 11 when we welcomed our first passengers.



2017 Projets

OPTIMIZATION OF THE BAGGAGE HANDLING SYSTEM

Major updates were made to the explosives detection system from June to October 2017 as part of the *Hold Baggage Screening Recapitalization Program* coordinated by the Canadian Air Transport Security Authority's (CATSA). The system now features three levels of detection, including two high-speed tomography systems (eXaminer XLBs) for levels 1 and 2 and a manual search for level 3 to ensure more detailed imaging and faster handling of checked bags.

Also part of YQB 2018, two carousels and a delivery dock for oversized baggage and special items from international arrivals were installed in anticipation of the official opening of the new terminal in December 2017. Plans to add a second baggage sorting room and storage system that had been in the works since 2016 were updated in summer 2017 to increase checked baggage capacity and cut costs. The new baggage handling system will comprise two independent subsystems to ensure redundancy and greater flexibility for future updates. Work will begin in 2018 and continue through late 2019.

NEW LOADING BRIDGES

Five new loading bridges were installed in 2017 for gates 33 to 37. The new bridges connect securely to a broader range of aircraft and improve the passenger experience. The bridges have been designed for efficiency and durability in local weather conditions. In future they will also be connected to the building management system for automatic temperature control. The bridges will also emit alerts to allow for remote troubleshooting and faster response times.

MANAGING OPERATIONAL IMPACTS

Working closely with Operations, we did everything we could to minimize the impact of construction on our passengers and partners in 2017 and reduce the risks inherent in a project of such size. We implemented a

number of measures as part of the *Operational Readiness and Airport Transfer* (ORAT) method, including operational testing, training sessions, site familiarization tours, and more. As a result, we were more than ready to welcome the first passengers to the new terminal on December 11, 2017.

NEW TECHNOLOGIES

Last year also saw introduction of all the technology and equipment needed for the expansion, including seven new telecommunications rooms. We added wireless access points, cameras, and networking equipment. We also boosted the capacity of our access control, public announcement, and dynamic display systems. And today we are already seeing the benefits of these upgrades and advancements.

New check-in kiosks and automated luggage bag-drops were added to streamline the passenger departure process. New primary inspection kiosks at customs were also unveiled at the official opening on December 11, 2017. The new kiosks will streamline the customs process for passengers.

One of our main telecommunications rooms was also moved from the 1996 building as it was located in an area slated for retrofitting in 2018. We also moved the 16 antennas on the roof in preparation for the work. The systems in the building being upgraded will be standardized in 2019 for the new equipment and technology.

YQB RECOGNIZED FOR YQB 2018 PROJECT MANAGEMENT

The YQB 2018 team was honored to accept the Élixir Award from PMI-Montréal on December 4, 2017, for its outstanding management of YQB 2018 and the YQB 2018 project office. For nearly four years, a team of over

100 members from six different companies and multiple disciplines has been meeting in an aviation hangar near the construction site. Working closely together like this has allowed team members to coordinate in real time and be flexible and agile in carrying out their respective tasks.

RENOVATION OF THE OLD TERMINAL

The focus in 2018 and 2019 will be on upgrading the 1996 and 2008 buildings and standardizing services (phases 2 and 3). The retrofits present a considerable logistical challenge since the building is still in use—a little like inviting friends over for dinner when you're still renovating the kitchen. An interior passageway has been built to allow passengers to safely access the boarding gates in the new international terminal during construction. A heated exterior passageway has also been constructed under the canopy in front of the new terminal so international passengers can get to the old terminal.

RUNWAY REPAIRS

YQB had to make runway repairs to ensure the long-term viability of its facilities.

After years of planning, the second and final phase of repairs on runway 06-24 ran from May 23 to August 9, 2017. This was also an opportunity to redo the surface drainage system to prevent water build-up. Navigation aids were replaced to improve aircraft guidance, and runway lighting systems were upgraded. This latest upgrade ensures redundancy with two light circuits alternately connected allowing the runway to stay open even should one of the light circuits fail. Runway 11-29 stayed open during the repairs, continuing to deliver top quality service to passengers.

The first phase of the project—repairing the area where the two runways intersect and the remaining stretches of runway 11-29—was in summer 2016. YQB now has two fully refurbished runways.

Runway repairs by the numbers

160,000 m² of old asphalt removed
60,000 tons of new asphalt laid

2 asphalt plants, including
 one onsite

55,000 m³ excavated to redo
 the drainage system
Over 80 km of cables

EXPANSION OF GATES 33 TO 37 AND RECONFIGURATION OF GATE 32

A new concrete surface was poured in summer 2017 to connect gates 33 to 37 to the new international jetway. The concrete slabs at Gate 32 were reconfigured to keep surface water away from the new terminal.

OTHER INFRASTRUCTURE UPGRADES

Civil works and exterior facilities

Work on exterior facilities, including a parking lot near the new heating and cooling plant, began in summer 2017. Construction will take about two years.

Curbside – Phase 2

Access ramp improvements and exterior work near the new terminal were completed in summer 2017 to link with the newly reconfigured road system—a project that began in 2015. When Phase 2 of the old terminal upgrade is complete, there will be new traffic lanes and an improved drop-off zone for passengers.

Construction of a non-passenger screening for vehicles (NPS-V) building

Construction of the NPS-V South building, which began in summer 2016, was operational in March 2017. YQB now meets the updated requirements of the *International Civil Aviation Organization* (ICAO) by providing Canadian Air Transport Security Authority (CATSA) agents the resources they need to screen non-passengers and vehicles circulating in critical restricted areas. The NPS-V North building will be constructed in a later phase.

FINANCE TEAM ON THE FRONT LINE

Not only were there sizable technical challenges to overcome in bringing YQB 2018 to fruition, but the project had to make financial sense, too. That was where the YQB Finance team came in, led by François Bilodeau, Vice-President, Finance.

They were on the front line, securing the required funding, managing hundreds of invoices and monitoring dozens of partners and suppliers that helped develop, construct, and kick off YQB 2018.



**Carl-André
Hurtubise, CPA, CA**
Financial Analyst

**Catherine
Barrette**
Payroll Technician

**François
Bilodeau, CPA, CA**
Vice President
Finance

**Marie-Eve
Rioux**
Clerk, Accounts
Payable

**Yvon
Landry, CPA, CA**
Construction
Controller

The most important thing was to explain a megaproject requiring \$315 million in loans and persuading a number of Canada's leading financial institutions to get on board.

Obviously the organization's sound management and high standards would be deciding factors. Armed with a strong case, an impeccable reputation, and meticulous, realistic forecasts, the Finance team began presenting to lenders.

In no time the team had won the trust of financial partners, which not only agreed to the loans, but threw in generous terms and highly competitive interest rates—a fitting salute to a credible organization that always delivers.

The team also had to make sure the project stayed on track and complied with government investment and subsidy standards every step of the way, since the federal and provincial governments each put up \$50 million for this regional economic development project.

Not only do we now have a new, easy-to-navigate, efficient terminal bathed in natural light, but it was completed on time and on budget. This could not have been possible without the dedication and day-to-day oversight of the Finance team.

Project management best practices once again played a key role, with a robust software solution that can monitor project progress in real time and gauge the impact of the thousands of mid-project directives and changes almost instantly—all in an almost paperless environment.

The team's objectives were to avoid surprises, anticipate issues (and costs), and stay on top of the 425 partners—including professionals, construction managers, contractors, and other suppliers—who helped make the project a success.

Add to that all the paperwork Finance had to file to report back on its work to the many organizing committees in charge of project supervision (e.g., the project, steering, planning & development, and audit committees) and to YQB's board of directors.

All in all, it was a team effort requiring constant vigilance that will remain a hallmark of the commitment to excellence for which the organization is known.

Sophie Ouellet

Clerk, Accounts Receivable

Steve Morin, CPA, CA

Financial Controller

Véronique Simard

Administrative Clerk

Pierre-Luc Faucher

Senior Buyer

Chantal Poulin

Controller Assistant



FINANCIAL HIGHLIGHTS

2017 FINANCIAL PERFORMANCE

Aéroport de Québec inc. posted comprehensive income of \$8.3 million for the financial year ending December 31, 2017. Revenues were \$61.9 million, including financial revenues, operating and financial expenditures were \$53.3 million.

REVENUES

- ▶ Revenues derived from airport improvement fees (AIFs) totaled \$24.7 million. AIFs are entirely reinvested in airport improvement initiatives, including interest payments on AQI's debt.
- ▶ Landing fees generated \$6.2 million.
- ▶ Terminal and loading bridge fees were \$6.6 million.
- ▶ Parking, concession, rental, and service revenues were \$18.7 million.
- ▶ Safety and security revenues were \$4.3 million.
- ▶ Overall revenue growth was 5.1%.

EBITDA

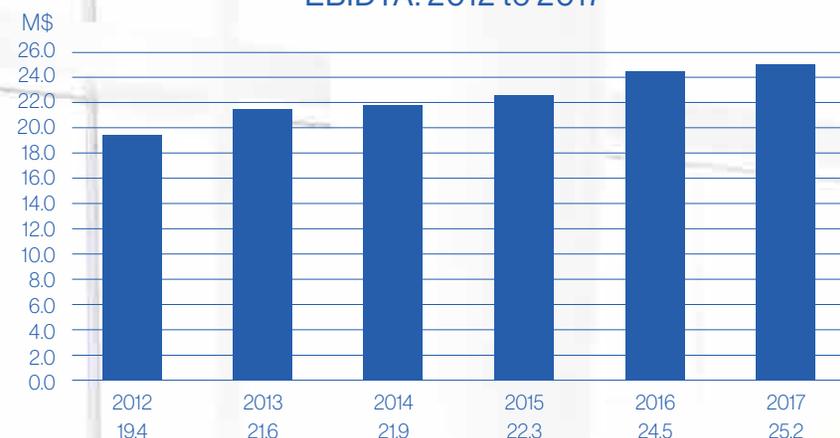
Earnings before interest, taxes, depreciation, and amortization (EBITDA) totaled \$25.2 million in 2017.

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 \$14.2 million.
- ▶ Rent paid to Transport Canada was \$3.6 million.
- ▶ Aéroport de Québec inc. also procured goods and services worth a total of \$14.9 million. Of this amount, \$8.8 million went to services and maintenance while \$3.5 million was spent on materials, supplies, and utilities.
- ▶ Aéroport de Québec inc. made \$3.8 million in payments in lieu of taxes.

EBITDA: 2012 to 2017



PROJECTED REVENUES AND EXPENSES (2018-2022)

(in thousands of dollars)

	2018	2019	2020	2021	2022
Revenues	66 773	75 604	80 690	84 456	87 869
Expenses*	45 397	50 691	58 143	59 393	60 693

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

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

PLANNED INVESTMENTS (2018-2022)

The following are the main investments under consideration for 2018-2022:

- ▶ Terminal expansion – international and domestic arrivals area
- ▶ Apron refurbishment (aircraft gates)
- ▶ New loading bridge at gate 32
- ▶ Refurbishment of Delta, Echo, Hotel and Golf taxiways
- ▶ Expansion and refurbishment of Delta taxiway vehicle lane
- ▶ New aircraft parking, stands 16 and 17

2017 INVESTMENTS

(in thousands of dollars)

	Forecast	Actual	Investments
Investments	105 424	101 510	Savings realized and postponement of certain projects and studies.

AQI's main investments in 2017 were the following:

- ▶ Major refurbishment of Runway 06-24
- ▶ Terminal expansion – international arrivals area
- ▶ Non-passenger screening - vehicles (NPS-V)
- ▶ Baggage screening recapitalization program

- ▶ Reconfiguration of exit lanes of the terminal and parking
- ▶ Construction of RESA (Runway End Safety Area)
- ▶ 8th Avenue – Addition of services
- ▶ New south snow deposit
- ▶ Relocation of Nav Canada's UHF antennas
- ▶ U.S. preclearance center - USCBP



INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS

To the Directors of
Aéroport de Québec inc.

The accompanying summary financial statements, which comprise the summary statement of financial position as at December 31, 2017, 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, 2017. We expressed an unmodified audit opinion on those financial statements in our report dated February 22, 2018.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Aéroport de Québec inc.

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the criteria described in Note 2.

AUDITOR'S RESPONSIBILITY

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

OPINION

In our opinion, the summary financial statements derived from the audited financial statements of Aéroport de Québec inc. for the year ended December 31, 2017 are a fair summary of those financial statements, in accordance with the criteria described in Note 2.

*Raymond Chabot Grant Thornton LLP*¹

Québec City
February 22, 2018

¹ CPA auditor, CA public accountancy permit no. A119912

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2017

	2017 \$	2016 \$
Revenues		
Landing and terminal	12,759,945	13,130,775
Airport improvement fees	24,723,664	22,632,270
Concessions	3,634,121	3,494,397
Rentals	2,526,105	2,269,825
Parking	6,142,056	5,948,204
Services and recoveries	6,357,632	5,891,734
Safety and security	4,343,690	4,153,902
Other income	36,601	41,432
	60,523,814	57,562,539
Expenses		
Employee benefit expenses	14,231,210	13,587,790
Rent	3,629,498	3,405,466
Goods and services	14,886,189	13,806,425
In lieu of taxes	3,847,824	3,465,659
Amortization of property, plant and equipment	13,769,774	12,580,717
Amortization of deferred revenues relating to property, plant and equipment	(2,960,890)	(2,568,407)
	47,403,605	44,277,650
Operating results	13,120,209	13,284,889
Finance income	1,332,812	1,296,322
Finance costs	(5,858,257)	(5,873,244)
Net revenues	8,594,764	8,707,967
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss		
Revaluation of net defined benefit pension plan liability	(303,100)	133,600
Comprehensive income	8,291,664	8,841,567

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

SUMMARY STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2017

	Accumulated revenues \$	Accumulated other comprehensive income \$	Total net assets \$
Balances as at January 1, 2017	119,254,797	(2,127,000)	117,127,797
Net revenues	8,594,764		8,594,764
Revaluation of net defined benefit pension plan liability		(303,100)	(303,100)
Comprehensive income			8,291,664
Balances as at December 31, 2017	127,849,561	(2,430,100)	125,419,461
Balances as at January 1, 2016	110,546,830	(2,260,600)	108,286,230
Net revenues	8,707,967		8,707,967
Revaluation of net defined benefit pension plan liability		133,600	133,600
Comprehensive income			8,841,567
Balances as at December 31, 2016	119,254,797	(2,127,000)	117,127,797

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

SUMMARY STATEMENT OF CASH FLOWS

Year ended December 31, 2017

	2017 \$	2016 \$
Operating Activities		
Net revenues	8,594,764	8,707,967
Non-cash items		
Gain on disposal of property, plant and equipment	(36,601)	(41,432)
Amortization of transaction costs	83,696	70,072
Amortization of property, plant and equipment	13,769,774	12,580,717
Amortization of deferred revenues relating to property, plant and equipment	(2,960,890)	(2,568,407)
Net defined benefit pension plan liability	(56,474)	(32,208)
Net change in working capital items	175,718	1,452,275
Cash flows from operating activities	19,569,987	20,168,984
Activités d'investissement		
Term deposits	(140,395,319)	(108,618,414)
Receipt of term deposits	217,701,135	101,468,552
Receipt of note receivable	116,667	116,667
Acquisition of property, plant et equipment	(98,988,167)	(69,382,389)
Disposal of property, plant et equipment	83,240	48,224
Cash flows from investing activities	(21,482,444)	(76,367,360)
Financing Activities		
Receipt of grants receivable	6,591,596	7,953,674
Loans		50,000,000
Transaction costs		(240,089)
Repayment of loans	(2,828,600)	(2,881,200)
Repayment of obligation under a direct financing lease	(419,156)	
Cash flows from financing activities	3,343,840	54,832,385
Net increase (decrease) in cash	1,431,383	(1,365,991)
Cash, beginning of year	4,250,188	5,616,179
Cash, end of year	5,681,571	4,250,188

During the year, AQI paid a total of \$13,178,660 (\$12,454,991 en 2016) in interest and received a total of \$5,151,059 (\$4,700,279 in 2016) in interest.

SUMMARY STATEMENT OF FINANCIAL POSITION

December 31, 2017

	2017 \$	2016 \$		2017 \$	2016 \$
Assets			Liabilities		
Current			Current		
Cash	5,681,571	4,250,188	Accounts payable	28,620,297	26,179,235
Term deposits	80,261,602	112,285,837	Deferred revenues	1,010,280	648,333
Accounts receivable	6,433,137	7,449,901	Customer deposits	300,128	294,293
Grants receivable	18,227,388	9,602,163	Loans	6,169,422	6,674,389
Note receivable	116,667	116,667	Obligation under a direct financing lease	437,138	437,138
Supplies in inventory	941,558	674,129		36,537,265	34,233,388
Prepaid expenses	885,358	706,981			
	112,547,281	135,085,866	Non-current		
			Accounts payable	1,901,405	2,729,891
Non-current			Loans	330,907,790	336,986,817
Term deposits	44,500,000	89,781,581	Obligation under a direct financing lease	1,351,226	1,770,382
Note receivable	1,858,333	1,975,000	Deferred revenues relating to property, plant and equipment	119,342,692	105,836,714
Grants receivable	46,193,755	48,782,798	Customer deposits	631,788	485,700
Property, plant and equipment	411,567,998	323,874,558	Net defined benefit pension plan liability	575,740	329,114
	504,120,086	464,413,937		454,710,641	448,138,618
	616,667,367	599,499,803		491,247,906	482,372,006
			Net Assets		
			Accumulated revenues and accumulated other comprehensive income	125,419,461	117,127,797
				616,667,367	599,499,803

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

On behalf of the Board,

Signed:

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

Signed:

Lise Lapierre, FCPA, FCA, ASC
Chair of Audit Committee

NOTES TO SUMMARY FINANCIAL STATEMENTS

December 31, 2017

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 Québec City Jean Lesage International Airport ("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 rue Principale, Québec, Québec G2G 0J4.

- 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.

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 22, 2018. The independent auditor expressed an unmodified opinion on these financial statements in the independent auditor's report dated February 22, 2018.

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;

3 AVAILABILITY OF THE FINANCIAL STATEMENTS

The audited financial statements are available on AQi's website (www.aerportdequebec.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.

Correspondances
Connections

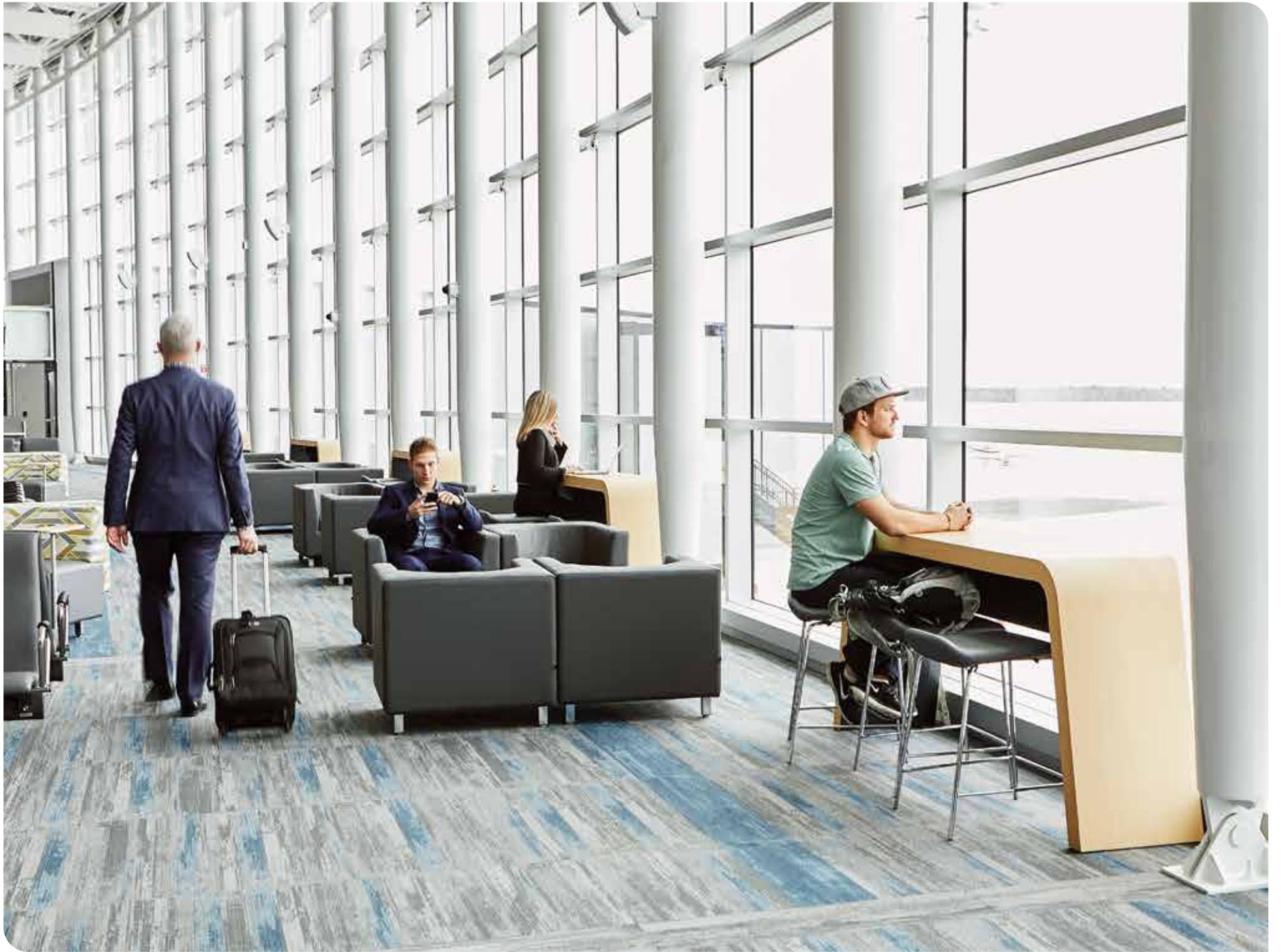


Douanes
Customs



Toilettes
Restrooms





BOARD OF DIRECTORS

Aéroport de Québec inc. (AQi), incorporated by virtue of Part II of the *Canada Corporations Act*, is a not-for-profit corporation without capital shares that is exempted under the *Income Tax Act*. It is responsible for managing, operating, maintaining and developing the Québec City Jean Lesage International Airport (YQB) and holds a 60 years 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 the lease's accountability and transparency principles as well as its own general bylaws.

In addition to the regulatory framework provided by the lease, general bylaws, and letters patent, AQi is subject to other rules enabling it to meet its accountability and transparency obligations toward the public. AQi is evaluated every year under Transport Canada's lease monitoring program.

AQi has proved 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 named by the cities of Québec and Lévis, and four (4) members named by Chambre de commerce et d'industrie de Québec

and Chambre de commerce de Lévis. 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 15 members, who are known for their individual expertise in accounting, the environment, administration, air transportation management, law, labor organization, and engineering.

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

In 2017 AQi was supported by a team of fourteen (14) directors, whose varied expertise and skills helped to actively support management in their work.

¹May be increased to a maximum of three (3) for each period during which the company receives financial aid from the Government of Canada.

Board of Directors

COMMITTEES

In 2017 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 air services and airport facilities.

CONFLICT OF INTEREST RULES

In accordance with its lease with Transport Canada, the Airport incorporated conflict of interest rules into its general bylaws that are applicable to its directors, managers and employees and are designed to avoid any real or apparent conflicts of interest. AQI complied with these rules in 2017, notably by means of an annual declaration of interest signed by each director and update notices published as needed.

CONTRACTS IN EXCESS OF \$111,100 AWARDED WITHOUT PUBLIC CALLS FOR TENDER

- Renewal of a contract for automated baggage handling system maintenance services at an annual amount of \$2,751,388 plus taxes granted to Cofely Services Inc. because of its renowned expertise in baggage handling systems.
- Housekeeping contract awarded to Les Entretien 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 2017, AQI paid this provider \$1,184,803 plus taxes.

GOVERNANCE

The president and CEO is responsible for defining and implementing the organization's strategic orientations, objectives, and fundamental values. Our strategic orientations are based on operating as an economic entity so as to maximize value for our 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 vice-presidents of operations, marketing and development, information technology, finance and the vice-president of infrastructure.

COMPENSATION OF DIRECTORS AND MANAGERS

Since June 2009, the bylaws have set annual compensation for directors and managers as follows:

Annual fees

Chair.....	\$60,000
Vice-chair.....	\$10,000
Committee chair.....	\$10,000
Administrator (except the chair).....	\$8,000
Committee members*	\$2,000

(*Except the chair and vice-chair)

Meeting fees

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

Total meetings

Board.....	5
Nominating, Governance, and Human Resources Committee	4
Audit Committee	5
Risk Management Committee	3
Planning and Development Committee.....	4
Construction Committee.....	10
Community Advisory Committee.....	1
Annual general meeting (members).....	1
Annual general meeting (public).....	1
Annual meeting of nominating bodies.....	1

Management

In 2017, AQI's managers received a total of \$1,740,809 in compensation during the financial year ending December 31, 2017, including annual bonuses for achieving or exceeding their objectives.

REGULAR REMUNERATION

Name	Fees	Meeting Fees	2017 Total
Alain April	\$ 10,000	\$ 6,600	\$ 16,600
France Bilodeau	\$ 10,000	\$ 8,400	\$ 18,400
Luc Dupont ¹	\$ 1,444	\$ -	\$ 1,444
André Fortin**	\$ 60,000	\$ 20,400	\$ 80,400
Jean Claude L'Abbée***	\$ 18,000	\$ 19,200	\$ 37,200
Lise Lapierre*	\$ 20,000	\$ 9,000	\$ 29,000
Liliane Laverdière*	\$ 20,000	\$ 6,000	\$ 26,000
André Lortie	\$ 10,000	\$ 4,200	\$ 14,200
Jean-Guy Paquet*	\$ 20,000	\$ 7,200	\$ 27,200
Pierre Pelletier	\$ 10,000	\$ 4,800	\$ 14,800
René Rouleau	\$ 10,000	\$ 6,600	\$ 16,600
Louis Têtu	\$ 10,000	\$ 3,600	\$ 13,600
Denis Therrien*	\$ 20,000	\$ 5,400	\$ 25,400

* Committee chair

** Board chair

*** Board vice-chair

¹ Left February 21, 2017.

DESTINATIONS

2017

BAGOTVILLE
BONAVENTURE
CANCUN
CAYO COCO
CAYO SANTA MARIA
CHICAGO
FORT LAUDERDALE
GASPÉ
HOLGUIN

ÎLES DE LA
MADELEINE
KANGIQSUJUAQ
KANGIRSUK
KUUJJUAQ
LA ROMANA
MONT-JOLI
MONTRÉAL
NEWARK
NEW YORK

ORLANDO
OTTAWA
PARIS
PHILADELPHIA
PLAYA BLANCA
PUERTO PLATA
PUERTO VALLARTA
PUNTA CANA
QUAQTAQ
ROATAN

SAINT-HUBERT
SALLUIT
SAMANA
SCHEFFERVILLE
SEPT-ÎLES
TORONTO YTZ
TORONTO YYZ
VARADERO
WABUSH



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