



75 YEARS

1941-2016



2016
annual
report





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MESSAGE FROM THE CHAIR OF THE BOARD AND THE 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.

75 YEARS OF HISTORY

We are pleased to present our annual report for 2016—a truly banner year in which we proudly celebrated the 75th anniversary of the Québec City Jean Lesage International Airport, among other activities and events.

The airport has changed dramatically over the years to become a driver of economic growth in our region without ever losing sight of the principle that guides us: *Passenger first*®.

YQB's story really took off on November 1, 2000, when Transport Canada transferred the management, operation, maintenance, and development of the Québec City Jean Lesage International Airport (YQB) to a private non-profit organization, Aéroport de Québec inc. The move was a clear message on the part of the federal government: it is up to all of us to take YQB's future in hand and harness the potential inherent in having a quality airport in a vibrant city like Québec.

With the backing of regional economic interests, the support of governments, and the loyalty of residents and passengers, we changed the face of the organization by reinvesting our operating surpluses every year to upgrade our facilities and offer passengers outstanding service and a unique experience.

Specifically, these investments led to the opening of a new terminal in 2008 to better serve the region and meet the challenges posed by a sharp increase in airport traffic. This first expansion phase got us off the ground, if you will, and met the conspicuous need for better airport service. Very few companies can claim bragging rights on annual growth of 6.3% for 15 straight years, and yet that's exactly what we have done, going from 643,000 passengers a year in 2001 to 1,615,750 last year.

Our success would not have been possible without the hard work of regional socioeconomic stakeholders, committed politicians and officials, and our dedicated, enthusiastic employees. But more than anything, we are where we are today because of our passengers, who remain our number one priority.

Our highly valued partners joined us at the airport on September 8, 2016, to help celebrate the 75th anniversary of the Québec City Jean Lesage International Airport. YQB hosted a number of other memorable events over the past year, welcoming members of the Corporation des parcs industriels de Québec in October, and hosting a second anniversary celebration for Université Laval's Centre de formation en développement durable on September 22, a visit from the Institut de développement urbain du Québec on November 24, and an end-of-year reception for the Chambre de commerce et d'industrie de Québec on December 7, 2016. These events helped raise the profile of YQB and establish a clear consensus on the advantages and importance of choosing the Québec City Jean Lesage International Airport as a departure point!



2016: GROWTH DESPITE CHALLENGES

YQB faced a series of operational challenges in 2016, the greatest being the renovation of the intersection of our two runways over a period of 12 days last spring. Despite the capacity constraints imposed by having a single, shorter main runway, the number of passengers using our facilities increased. A total of 1,615,750 passengers came through YQB in 2016 and we experienced a 2,7% increase at the main terminal.

Domestic air travel also continued to take off in 2016, with trips between YQB and the hubs of certain Montréal and Toronto-based airlines especially popular. On the international side, we added direct flights to the airports of La Romana in the Dominican Republic, Roatán in Honduras, and Saint Martin in the French West Indies.

On June 7, 2016, we celebrated American Airlines' fifth year at YQB along with AA representatives and executives who came to highlight and reaffirm the importance of our business relationship. The first-ever American Airlines flight to land at Québec City Jean Lesage International Airport was on June 2, 2011, ushering in service between Philadelphia and Québec City.

MARCH 10, 2016: A HISTORIC MILESTONE

In 2016 AQI also announced that a U.S. preclearance center would be constructed at the Québec City Jean Lesage International Airport. On a visit to Washington on March 10, Canada's Prime Minister, the Right Honourable Justin Trudeau, accompanied by the U.S. President Barack Obama, announced an agreement in principle to build the facility in Québec City.

The project, which will change the face of air travel in Québec City and strengthen YQB's role as a major economic driver, has generated immense pride across the greater Québec City area. The result of 15 years of patience, this monumental step forward involved the collective efforts of the entire community: dozens of businesses, business leaders, municipalities,

chambers of commerce, and elected officials expressed support for the creation of a U.S. preclearance center at the Québec City Jean Lesage International Airport. The consensus is that construction of the preclearance center is vital to tourism and economic development in the region and in all of eastern and northern Québec.

A new U.S. preclearance center at YQB will also generate substantial economic benefits. Tourism may be the immediate beneficiary, but the business community will also feel the effects before long.

More than anyone, it will be YQB's passengers that reap the most immediate rewards from the new facility, with significantly shorter connection times in the U.S. We also expect an increase in the number of direct flights to the U.S. once the preclearance center opens.

Advocated by 95% of Québec City residents and backed by the region's socioeconomic groups, the U.S. preclearance center at Québec City Jean Lesage International Airport is poised to become a reality. Once again, we would like to recognize the support of our community and the federal government, which understands the spinoffs a preclearance center in the Québec City area will have for passengers and the future growth of our organization.

YQB 2018: A BOON TO THE REGION

Significant progress was also made in 2016 on YQB 2018. Much more than just a construction project, YQB 2018 is the articulation of the vision Aéroport de Québec inc. adopted to prepare for the growth expected in the years ahead. Since Québec City Jean Lesage International Airport is already operating at full capacity, major investments were needed to be able to accommodate at least two million passengers by 2020. A total of \$277 million will be invested in what will become the largest expansion and redevelopment project in the airport's history.

Other core projects were completed in 2016, including runway work to ensure our continuing growth and the safety of passengers. In addition to the runway repairs, new aircraft parking spaces were constructed and aprons 2 and 3 were reconfigured to improve aircraft and vehicle flow. In accordance with new regulations, two temporary non-passenger screening for vehicles (NPS-V) checkpoints were installed to the south and north of the airport last April.

MOTIVATION THROUGH SHARED PRIORITIES AND A SAFE WORK ENVIRONMENT

To make our major development projects a reality, we set three key human resource management priorities at Aéroport de Québec inc.: play to the strengths of our human capital, improve cross-departmental synergy, and instill a digital culture within the organization.

Our management team makes a point of keeping our employees interested and motivated by rewarding standout performance; offering topical, compelling training programs; and emphasizing activities that provide employees with personal and professional development opportunities.

Employees are clearly committed to Aéroport de Québec inc.'s mission and vision. Aéroport de Québec inc. and the Public Service Alliance of Canada signed a five-year collective agreement with the firefighter bargaining unit on October 13, 2016. The parties also signed a six-year collective agreement on January 4, 2017, with the bargaining unit representing all other job categories. Retroactive to January 1, 2016, the two agreements speak to the safe and collaborative work environment YQB prides itself on.

A CLEAR, UNIFYING VISION OF THE FUTURE

Europe 2020

With the number of passengers on the rise and plans for new destinations in the works, YQB's teams are more excited than ever. And as we prepare to open the new terminal, the potential for growth is clearer than ever and the possibility of adding connections between Québec City and Europe looks increasingly feasible. The emergence on the market of smaller, more powerful aircraft able to fly transatlantic routes should also work to YQB's benefit. The number of direct flights is expected to increase as a result.

According to forecasts by the International Air Transport Association (IATA) and other airline industry experts, the number of passengers is expected to double worldwide by 2029. Largely attributable to improved quality of life in emerging countries, this growth will certainly be felt in the Québec City region, as an award-winning tourist destination.

Passengers still our core focus

In 2016 our passengers once again demonstrated why we have been right to make them our number one priority. Our VIP lounge was recognized by Priority Pass members, and YQB remained a frontrunner in the Airport Service Quality (ASQ) survey—a global airport passenger satisfaction benchmarking program by Airports Council International—being once again voted one of North America's most-appreciated airports serving under two million passengers.

ON SOLID FINANCIAL GROUND

Aéroport de Québec inc. posted comprehensive income of \$8.8 million in 2016, with revenues of \$58.9 million and operating expenditures and finance costs of \$50.1 million.

AQi also closed a round of funding launched in 2015, bringing in \$315 million from a dozen reputable Canadian financial institutions. We are proud of the confidence the financial markets have shown in AQi—clear proof that investors believe in the economic merit of our plans.

2017: THE DAWN OF A NEW ERA

The coming year is shaping up to be a banner one for the region as a whole and for the Québec City Jean Lesage International Airport in particular. The new terminal will open its doors in December 2017 and our employees are ready, willing, and able to make the launch a huge success.

Making new airport facilities operational requires the highest possible level of coordination and planning. The facility operations transfer plan is already being readied. Testing and training will take place all year to ensure that the process runs smoothly and the new terminal gets off to a flying start. These efforts will coincide with the major construction work that remains to be done both inside and outside the building and the second phase of repairs to begin on the main runway this summer.

We would like to thank our passengers for their unwavering support and our partners for their invaluable contribution. The recent years brought a number of operational challenges for all of us, and we applaud their ability to respond with flexible, creative solutions.

We would also like to extend warm thanks to the members of the Aéroport de Québec inc. board of directors and to our employees, who shape the future of their airport every day. The fact that our organization has enjoyed such success for so many years is largely because you have invested all your passion and drive in making it so.

A special thanks to all the builders, engineers, vendors, partners, and everyone else who contributes to making the mission-critical YQB 2018 project a reality.

We would also like to welcome René Rouleau and France Bilodeau, the newest members of the AQi board. And we would like to take the opportunity to thank Nathaly Riverin for sharing her professional experience on both the board and the risk management committee.

Finally, a very special thanks to each and every one of our 1,615,750 passengers for their loyalty and recognition. Without them, we would not be able to build the infrastructure needed to meet a steady increase in demand and allow Québec City to offer airport service befitting a capital. Today, more than ever before, the world's airports are expected to be true pillars of growth and hubs of development. YQB must be ready to offer its passengers exceptional service and harness this critical source of regional prosperity. When you take off from YQB, you contribute to the success of your airport and the region as a whole!

André Fortin, CPA, CA, ASC, Lawyer
Chair of the 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., LL.F., 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

Senior Vice-President,
Aon Hewitt
Nominating, Governance,
and Human Resources
Committee Member
Appointed by
Chambre de commerce
et d'industrie de Québec
Board Member since 2016



LUC DUPONT
BAA

President and CEO,
Immanence Intégrale
Dermo Correction
Planning and Development
Committee Member
Appointed by
the Government of Canada
Board Member since 2015



LISE LAPIERRE
CPA, CA, ASC

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



LILIANE LAVERDIÈRE

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



JEAN-GUY PAQUET
C.C., G.O.Q., ASC, P.Eng.

Board Chair, National
Optics Institute
Planning and Development
Committee Chair
Appointed by
the City of Québec
Board Member since 2012



PIERRE PELLETIER
Lawyer

Nominating, Governance,
and Human Resources
Committee Member
Appointed by the Board
of Aéroport de Québec inc.
Board Member since 2013



RENÉ ROULEAU
MAP

Board Chair, La Capitale
assurances générales
Risk Management
Committee Member
Appointed by
the City of Québec
Board Member since 2016



LOUIS TÊTU

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., LL.B., 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.



Vice-President,
Marketing and Development

**BERNARD
THIBOUTOT**
BAA



Vice-President,
Information Technology

**MARC-
ANDRÉ
BÉDARD**



Corporate Secretary
and Compliance

**SOPHIE
LEFRANÇOIS**
ASC, Lawyer

AMBITION

MAKE QUÉBEC CITY JEAN LESAGE INTERNATIONAL AIRPORT A WORLD-CLASS FACILITY AND SOURCE OF PRIDE FOR ALL THOSE IN THE QUÉBEC CITY AREA.

VISION

DEVELOP THE CAPACITY TO SERVE 2 MILLION PASSENGERS BY 2020, AND JOIN THE RANKS OF THE COUNTRY'S 10 BUSIEST AIRPORTS.

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.

2016 HIGHLIGHTS



AIR TRAVEL DEVELOPMENT

Another year, another leap forward for Québec City Jean Lesage International Airport! We saw a 2.7% increase in the number of passengers through the main terminal in 2016 over 2015, for a total of 1,615,750 at YQB, despite the runway repair work that limited access to large aircraft from June 6 to 18, 2016.

In preparation for Phase 2 slated for May to August 2017, we have developed a plan to maintain the highest possible level of service while Runway 06-24 is shorter and to mitigate the impact of repair work during the transition time from spring to fall 2017.

Domestic flights, which have experienced substantial growth in recent years, soared again in 2016. Air Canada, Porter Airlines, and WestJet all carried more passengers to their respective Montréal and Toronto hubs this year. There was also a marked increase in Air Transat flights along the Québec City/Montréal corridor. With new connections between the two cities, Air Transat passengers now have access to new destinations in Europe and

greater flexibility (e.g., now they can land at one airport and depart from another).

Once again, all-inclusive Celebrity Cruise packages to Florida were offered in 2016.

For international flights, we improved our offering of sun destinations by adding direct flights to:

| | | |
|---------------------------------|-------------|------------------|
| La Romana (Dominican Republic) | Air Transat | Winter 2015–2016 |
| St Maarten (French West Indies) | Sunwing | Winter 2015–2016 |
| Roatán (Honduras) | Air Transat | Winter 2016–2017 |

Furthermore, new codeshare agreements between carriers have improved service in and out of YQB.

PASSENGER EXPERIENCE

Once again this year, YQB ranked among the frontrunners of the most-appreciated North American airports serving fewer than 2 million passengers. YQB maintained its rating despite operational challenges caused by the expansion work.

YQB's VIP lounge was recognized again this year by Priority Pass program members, receiving a Highly Commended award in the Lounge of the Year category for North America.

The Passenger Experience team—28 professionals who live by our *Passenger First*® philosophy—works around the clock to offer world-class service and an unforgettable experience. To improve efficiency, we reorganized the Passenger Experience management team and implemented a real-time team communication platform. Team members are also sporting a completely redesigned uniform as part of YQB's new visual identity.



2016 Highlights

AIRPORT OPERATIONS

Our detailed operations plan and effective risk management strategy together with the hard work of our Airport Operations team were successful in maintaining safe operations throughout the year. Major airside construction projects were completed in 2016 without hindering airport operations.

Heavy equipment operators and the Technical Services team took part in a Kaizen-based continuous improvement project this year. The goal was to optimize runway snow removal methods and reduce the risk of navigation equipment failure, in particular that of runway and taxiway lighting systems. This was a resounding success and permitted the airport to prepare for the introduction of new runway snow removal requirements that increase the required clearance width from 100 ft. to 150 ft.

SECURITY OPERATIONAL CONTROL CENTER AND AIRCRAFT FIREFIGHTING SERVICE

A major reorganization in 2015 significantly improved communication and synergy within the Service team. The prevailing climate fosters teamwork and knowledge sharing. All operations and procedures were reviewed when the Security Operational Control Center (OCC) departments were brought together under the same management structure. The goal was to ensure efficient operations and improve how we respond to various incidents. The Aircraft Firefighting Service (AFF) was brought under the same department in Q4 2016.

For the Operational Control Center, 2016 was a busy year for runway repairs and notices to airmen (NOTAMs). NOTAMs are primarily issued to alert pilots of major changes to air navigation conditions that could affect safety. This was a great opportunity for the team to build relationships with outside partners, NAV Canada managers in particular. The duty managers rose to the challenge, maintaining continuity of operations during the runway repair projects, with no impact on site safety.

The SOMUM alert and information broadcast system was implemented as part of the OCC reorganization and used multiple times to get information out to employees quickly, speeding up our emergency response time.

Employees and partners worked hard to bring airport operations in line with new Transport Canada non-passenger screening for vehicles (NPS-V) regulatory requirements that came into effect on April 1, 2016. Although construction caused brief delays and multiple physical constraints, we were able to get the facilities up and running in accordance with the new regulations in record time. Permanent screening facilities will soon replace the temporary ones.

This year we also developed a more robust training program that better reflects the new realities of our airport security officers, to help them embrace their expanding roles and responsibilities. The program includes training

sessions on crisis management, the use of force, and the use of intermediate weapons and special equipment. Our security officers now have the training and tools they need to intervene verbally or physically in the event of an incident.

We held two bomb alert simulation exercises at the airport in 2016, working with airport partners, police, and the fire departments. The first tabletop simulation exercise was held on March 23, 2016, to practice applying our emergency procedures. During the second exercise on November 29, 2016, participants applied the lessons learned in the previous tabletop simulation exercise. We would like to thank our partners for their participation and discipline, which helped us optimize our emergency procedures.

To stay apace with technology and continue offering quality services, the Aircraft Firefighting Service (AFF) purchased two new Oshkosh Striker firefighting trucks. These industry-leading vehicles are safer and more efficient in crisis response situations.

To familiarize the team with the new equipment and to meet stringent airport firefighter qualification requirements, the AFF organized two special training sessions in addition to the standard monthly sessions. The first was held on March 18, 2016, at the airport. The firefighters had to grapple with a number of obstacles and work as a team to pull off rescue missions. The second training session took place in

October 2016 in a real-world scenario. Our four firefighting teams also got to travel to the Dallas/Fort Worth International Airport's Fire Training Research Center to brush up on the latest aircraft firefighting techniques for their mandatory annual certification.

SAFETY MANAGEMENT SYSTEM

Once again in 2016, AQi implemented all required risk management, equipment and facility inspection, and operational process auditing measures to ensure the safety of operations in 2016.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

AQi strives to ensure airport operations are carried out in an environmentally friendly manner. One of AQi's lease requirements with Transport Canada concerns the environmental management system (EMS) for which we implemented the following items (based on ISO 140001):

- A recycling program for hazardous and non-hazardous residual materials
- A maintenance and inspection program for oil tanks and hydrocarbon interceptors on airport property
- An environmental offset program (1,000 trees donated to a non-profit organization to be distributed to residents for free)
- A vehicle idling prevention program
- Management of waste snow (two onsite snow dumps), de-icing products, and halocarbons

- An effective accidental spill management procedure
- Environmental assessments for new projects and efforts to reduce energy and water consumption for new structures
- A wildlife management program

The noise management committee met three times in 2016 to discuss the concerns of residents living near the airport.

HUMAN RESOURCES

Aéroport de Québec inc. and the Public Service Alliance of Canada signed a five-year collective agreement with the firefighter bargaining unit on October 13, 2016. The parties also signed a six-year collective agreement on January 4, 2017, with the bargaining unit representing all other job categories. Retroactive to January 1, 2016, the two agreements speak to the positive work environment fostered at YQB.

AQi Academy had a full schedule this year, offering a range of employee training workshops and activities and putting a number of new processes in place:

- All managers received training on best practices in improving cross-departmental synergy and efficiency
- In-house trainers were given tools to optimize the presentation of information during training sessions

- The staff of airport partners (airlines, taxis, limousines) took a new training session on accommodating people with disabilities, in accordance with Canadian Transportation Agency requirements

In 2016 we also improved our new-hire training and onboarding techniques to comply with standards. For instance, we developed a plan to revisit how the training program is managed and how training sessions are designed for each position within the organization and to establish an online training evaluation process.

AQi's Human Resources Department finished scanning all employee files and launched programs to promote physical activity within the company (e.g., by participating in various sporting events).

For the second straight year, AQi organized events around Safety Month in May to raise awareness in the airport community about making safe and healthy choices at work and at home.

AQi also invested in its human capital by creating *Legend'AIR*, a friendly competition between employees to mark the 75th anniversary of the Québec City Jean Lesage International Airport. The competition highlighted the contributions and milestones of each AQi department, motivating employees and fostering cross-departmental synergy in the organization.

2016 Highlights

INFORMATION TECHNOLOGY

The year 2016 was a banner one for the Information Technology Department, which had to replace the IT infrastructure that served as the foundation for all airport operations. The new network infrastructure puts the latest technological advances at the fingertips of the airport community. It allows us to offer passengers the best possible experience, a stronger connection, and greater speed and efficiency.

A number of projects were implemented to integrate our partners' systems and the tools needed to manage a world-class airport such as YQB. These integration projects give us access to invaluable data on our day-to-day operations so we can further expand our offering.

This year was also marked by the unveiling of a brand new airport website that highlights the company's core value: *Passenger First*®. The new communication tool was even awarded the Grand Prix Boomerang prize for the best website in its category.

As part of our efforts to build a complete digital ecosystem to better serve our passengers, the team also worked on a first version of a mobile app, to be launched in 2017. Passengers and their companions will be able to use the app to get around the airport.

The Information Technology Department also played a key role in various aspects of the airport expansion project, including calls for tenders, IT decision-making, and detailed planning for the expanded terminal.

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 planned which businesses and services would occupy the new rental space in the expanded airport and developed a marketing strategy to promote them. Objectives included diversity, quality, regional flavor, and a unique overall passenger experience. We surveyed passengers, their companions, and employees to better understand their needs and tailor the services available in landside and airside areas and eventually the U.S. preclearance center. The call for tenders for the new areas was issued in December 2016. We expect there to be plenty of exciting opportunities for new businesses.

The successful bidders and their new business concepts will be revealed in Q2 2017. Rollout will take existing contracts and the construction schedule into account to minimize the impact on passengers.

We are exploring a number of landside and airside building projects with current and potential tenants. Some, such as those to connect the water and sewer system and move equipment and infrastructure, will require investments by AQi. Discussions are underway to develop an industrial cluster inside and around the airport. Also of note, AQi participated in a task force to set up a foreign trade zone in the Québec City area.

MARKETING AND COMMERCIAL DEVELOPMENT

In 2016, the Marketing and Development Department rolled out a new YQB brand image, including branding, a new website, and a mobile app currently in development. The department also worked on a number of initiatives related to the YQB 2018 project and future preclearance center.

The team took a hard look at ground transportation solutions to better serve airport passengers, including Uber service, public transit, and other means of transportation. The online public parking system is now fully operational.

Advertising revenues continued to climb in 2016. The team also pinpointed ad spaces, determined the types of displays to go up in the new terminal, and decided which ones would be phased out over the next few years. Use of the VIP lounge hit an all-time high in 2016, boosting profitability.

AIRPORT PLANNING

The Airport Planning Division worked on a number of projects in 2016, including a water and sewer system master plan, an airport road access study, a site development plan to attract new land tenants, an overhaul of the marking plans to comply with new regulations, development of a guide to airport marking standards, plan updates, and changes to obstacle limitation surfaces to meet new requirements. The Division also assembled and programmed a geolocation tool to help electricians repair equipment on the airfield.

YQB: 75 YEARS OF HISTORY

Québec City Jean Lesage International Airport (YQB) has undergone a sea of change over the past 75 years thanks to our passengers' continued trust, the backing of the business community, and the unflagging support of the Québec and Canadian governments and regional leaders. Today YQB stands as a symbol of Québec City itself: modern, thriving, and proud.

After a speedy take-off, we have reached cruising altitude: our airport is now a key economic driver for the Québec City region.

- From 643,000 passengers in 2001, YQB now serves 1.6 million
- Some 1,500 employees contribute \$163 million to the region's GDP
- This economic activity contributes over \$425 million to Canada's GDP and sustains 4,450 jobs nationwide
- Tens of thousands of visitors and tourists pass through YQB every year, bringing close to \$100 million into the region

Source: Conference Board of Canada

The Québec City airport has clearly become a driving force in the community and a launchpad to exciting new possibilities. This is a great source of pride for YQB.

Our vision is an ambitious one: join the ranks of Canada's ten busiest airports by 2020. How? By making passengers the focus in everything we do. The flight plan is clear: We must invest in the infrastructure and tools to increase our capacity, attract new carriers, and add connections. But above all, we must offer the two million passengers who will be walking through our doors by 2020 an airport experience like no other.

We are currently investing \$277 million to complete the largest expansion project in our history and one of the biggest construction projects in the Greater Québec City area. The expansion will double our capacity and the economic spinoffs for the region. We are also working hard to establish a U.S. preclearance center, a new feature that will change the face of YQB by speeding up connections and further expanding the range of destinations available.

To maintain this accelerated growth, we will need the support of the business community, local leaders and officials, and the general public. Tellingly, 94% of respondents to a recent satisfaction survey said YQB's development is very or somewhat important for local economic prosperity. And 91% are in favor of the \$277 million investment plan to continue developing infrastructure and increase capacity.

(Source: SOM survey conducted in January 2017 of 736 online respondents from the Québec City metropolitan area with a margin of error of 4.6% for a confidence level of 95%.)

Our passengers have always been the copilots in our success, development, and growth. Now more than ever as we look to the future, they are the reason we strive for excellence and aspire to do more and do better.

Passenger first®





1929-1941
Before YQB:
First flights

The airport's story began two years after Charles Lindbergh's historic flight from New York to Paris. The first hangars were built in Sainte-Foy, north of Chemin Saint-Louis. Planes were used to deliver mail during the winter. At the start of World War II, a proper airfield was constructed in L'Ancienne-Lorette in 1939. The Royal Canadian Air Force and the No. 8 Air Observer School installed their first hangars there. The first flight from Québec City was recorded on **September 11, 1941**.

1942-1960
The world
of aviation
takes off

1945 Transport Canada took over the Québec City airport and upgraded its facilities. Canadian Pacific Airlines began offering flights between Montréal, Québec City, Mont-Joli, and Sept-Îles.
1953 The Québecair airline was created.
1955 Trans-Canada Airlines started to operate in Québec City.
December 17, 1957 The first terminal was opened and facilities were upgraded, marking the airport's entry into the modern era of aviation.

1961-1980
Expansion and
modernization

1964 The introduction of jet service marked a major turning point.
1973 Faced with increasing demand, Transport Canada constructed a new terminal in Québec City.
1979 In a two-phase project, Runway 06-24 was extended to a final length of 9,000 feet.

75th ANNIVERSARY CELEBRATION

On September 8, 2016, some 400 guests celebrated the 75th anniversary of the Québec City Jean Lesage International Airport. YQB employees and partners, local and regional elected officials, and the business community were invited to a hangar that had been completely transformed for the occasion to reflect YQB's avant-garde, high tech focus and

its determination to deliver an out-of-this-world experience. Guests got a real feel for how far the airport had come and for the exciting vision now propelling it into the future, particularly the impressive YQB 2018 development project.



1981-1999
Continued expansion

1981 A new access road was built and the apron was upgraded.
1982-1984 Facilities were expanded, including the terminal, vehicle parking lots, and aircraft parking areas.
1993 The Québec City Airport became Québec City Jean Lesage International Airport.
1996 The new international area opened.
1997 A new control tower and the NAV Canada aviation complex were built.

2000-2014
New management and an ambitious growth plan

2000 Aéroport de Québec inc. was established when Transport Canada transferred the airport's management, operation, and development to a group of affiliates from the local business community that understood that the region's economic vitality hinged on expansion of airport operations in Québec City.
2006 A huge upgrade project broke ground, paving the way for rapid growth.
2008 The new terminal opened on time and on budget.

2015-2016
Unprecedented investment

2015 YQB 2018—the largest expansion and redevelopment project in the airport's history—kicked off. The airport invested \$277 million to double the size of the terminal, improve the passenger experience by leveraging critical technological advancements, and be better equipped to serve the two million passengers expected by 2020.
September 11, 2016 YQB celebrated its 75th anniversary.



MARCH 10, 2016: U.S. PRECLEARANCE CENTER

March 10, 2016 marks a milestone
in the history of Aéroport de Québec inc.

On a visit to Washington, Canada's Prime Minister, the Right Honourable Justin Trudeau, accompanied by the U.S. President, Barack Obama, announced an agreement in principle to establish a U.S. preclearance center in Québec City.

The decision was the result of 15 years of concerted effort. With 95% of local residents in full support, the new preclearance center will change the face of YQB by speeding up connections and further expanding the range of destinations available. The center will be critical to economic growth and tourism in the Greater Québec City area as well as eastern and northern Québec.

The investment is a natural next step in the strategy adopted years ago by Aéroport de Québec inc.: make passengers its No. 1 priority and invest in facilities to meet the ever-growing demand for airport services. The economic spinoffs of this approach have already been felt, with the airport experiencing unprecedented growth, going from 643,000 passengers in 2001 to 1.6 million in 2016.

AQi would like to thank the government of Canada, the government of Québec, and the members of the board for their ongoing support in this issue of vital importance to Québec City Jean Lesage International Airport.

In the months to come, discussions between AQi and Canadian and American authorities will ramp up as they finalize agreements, prepare to break ground on the huge construction project, and work to ensure success for the benefit of passengers and the entire region. The functional and technical specifications have already been drawn up—an important prerequisite for drafting the construction plans.



The vision is to design an ultramodern high-tech center offering an enhanced passenger experience with:

- Streamlined and safer services that are more efficient and user-friendly
- Access to U.S. airports without customs facilities, including New York's LaGuardia Airport and Ronald Reagan National Airport in Washington, D.C. (in addition to hundreds of other potential destinations)
- Shorter connection times
- A broader range of destinations

We sincerely thank all those who have helped us get this project off the ground (companies, managers, municipalities, chambers of commerce, elected officials) —it will mean great things for the Greater Québec City area.

Washington, DC, March 10, 2016



ADVANTAGES OF A U.S. PRECLEARANCE CENTER

All U.S. customs formalities can be completed in Québec City, including security screening of passengers traveling from Québec City to the U.S.

Connection times for U.S. destinations will be significantly shorter because passengers traveling from Québec City will not have to go through U.S. customs or clear their bags once on American soil.

State-of-the-art systems in use in the U.S. can be harnessed to further speed up the processing of travelers from YQB.

Offer more U.S. destinations out of YQB, especially those with limited or no customs facilities.

Support and advance key initiatives for the region and Québec as a whole, including the Plan Nord and development of the cruise industry. Cruise ship passengers will have the option of a direct flight back to the U.S. after docking at the Port of Québec.

Create new opportunities for U.S. and Canadian carriers and unlock tourism potential.

Generate substantial economic spinoffs for the Québec City area.

Save air carriers time and money because once in the U.S., they won't have to move aircraft from an international gate to a domestic one if the next leg is a U.S. domestic flight.

LOCAL RESIDENTS SHOW UNWAVERING SUPPORT FOR THEIR AIRPORT

The magnitude of the new, expanded airport became clear to residents of the Greater Québec City area in 2016 as they watched the new international terminal take shape.

Year after year, the people of Québec City have demonstrated their support for the airport's development plans, as evidenced in a survey conducted in January 2017 in which nine out of ten respondents said they were satisfied with Québec City Jean Lesage International Airport—earning the airport a favorability rating over 90% for the fifth straight year.

By voicing their trust and satisfaction, respondents reaffirmed that YQB 2018 is a justified and much-needed investment and that building a new international terminal is an economic undertaking of capital importance for the Québec City area.

Since the U.S. preclearance center was announced by Canada's Prime Minister, the Right Honourable Justin Trudeau, and U.S. President Barack Obama, it has become a priority project for the people of Québec City, who see its completion as a major boon for economic development in the region.

METHODOLOGY

ON JANUARY 11 AND 13, 2017, THE FIRM SOM CONDUCTED A SURVEY OF 736 ONLINE RESPONDENTS FROM THE QUÉBEC CENSUS METROPOLITAN AREA (CMA)¹.

¹ The maximum margin of error for all respondents is 4.6% (with a confidence level of 95%).

OF RESPONDENTS
HAVE A **HIGH OR VERY
HIGH** OPINION OF YQB.

97%

OF RESPONDENTS
BELIEVE THAT
DEVELOPMENT OF YQB
IS **VERY OR SOMEWHAT
IMPORTANT** FOR LOCAL
ECONOMIC PROSPERITY.

94%

OF THE POPULATION
**FULLY OR PARTIALLY
SUPPORTS** THE \$277 MILLION
INVESTMENT TO BE COMPLETED
BY 2018 IN ORDER TO PURSUE
INFRASTRUCTURE DEVELOPMENT
AND INCREASE CAPACITY AT YQB.

97%

2016 PROJECTS

ENGINEERING AND CONSTRUCTION

Aéroport de Québec inc. (AQi)
made further infrastructure improvements last year
with a host of new projects



RUNWAY REPAIRS

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

The first phase of the project—repairing the intersection of the two runways—occurred from June 6 to 18, 2016. Working on the two runways at the same time presented a considerable operational challenge. Our team was able to complete the renovation project on time and keep passenger disturbances to a minimum. Repairs to the rest of Runway 11-29 were completed on July 3, 2016.

Phase two—refurbishing of the main Runway 06-24—is slated for May 23 to August 9, 2017. Runway 11-29 will be the only runway in operation during that time, but the airport will stay open to serve airlines and passengers.

APRON 2 – EXPANSION FOR CODE C AIRCRAFT

Apron 2 was expanded in summer 2016 to allow Code C aircraft and vehicles to pass one another safely. Apron 2 will become the main access point to Threshold 29, and operations will continue while the main

Runway 06-24 is refurbished in summer 2017. The expansion project was also an opportunity to upgrade infrastructure and improve operations within existing constraints given the increase in domestic flights and vehicle traffic on Apron 2.

APRON 3 – CONSTRUCTION OF A VEHICLE CORRIDOR

A vehicle corridor was constructed in fall 2016 to separate vehicles and aircraft and mitigate the risk of an accident since the air navigation services do not control traffic on this apron. Aircraft can now circulate on the north side of Apron 3, from access gate A-25 to Lot 27-11. The 7.5 meter-wide corridor also provides unrestricted access to Code C aircraft.

CONSTRUCTION OF AIRCRAFT PARKING SPACES ON SITE 22-11

In summer 2016 the airport also worked on building a parking area large enough to accommodate at least one Code E (or two Code C) aircraft for extended layovers, mechanical issues, unexpected events, or unusual loading and unloading operations.

Specifically, the area could be used to park aircraft for extended layovers (usually at least one night), perform mechanical repairs on larger aircraft, create a buffer zone for aircraft during unplanned events, load and unload passengers and luggage on special flights, and de-ice aircraft for standard flights.

NON-PASSENGER SCREENING VEHICLES (NPSV)

Launched in February 2016, this initiative is to meet new International Civil Aviation Organization (ICAO) requirements. Airport authorities must now control the access of non-passengers and vehicles to regulated critical areas. The initiative includes installation of two temporary NPS-V security checkpoints (north and south) while the permanent ones are being constructed.



2016 Projects

CONSTRUCTION OF THE NEW TERMINAL

The terminal expansion work (Phase 1) that began in April 2015 will be complete in December 2017. The steel frame and building envelope were completed in late 2016. Some 1,300 tons of steel were used to construct the walls and roof.

The interior build-out (furnishings, vendor spaces, etc.) and exterior landscaping will be completed in 2017 leading up to the official opening in December. Renovation of the 1996 building and standardization of services (Phases 2 and 3) will begin in 2018 and end in 2019.

CONSTRUCTION OF HEATING AND COOLING PLANT AND GEOTHERMAL FIELD

Construction of the new heating and cooling plant and geothermal field began in April 2016 and will be completed in late fall 2017. Geothermal power will be the airport's main energy source, generated by a geothermal exchange unit of 60 wells each 550 feet deep, a 190-ton helical rotary liquid chiller, and an underground concrete valve vault for the manifolds. Geothermal will deliver substantial savings to AQi and bring annual natural gas consumption under 200,000 m³.

BUILDING INFORMATION MODELING

AQi is a leader in building information modeling (BIM) in Quebec. BIM is a set of processes supported by virtual building modeling that makes information more accessible, fosters collaborative work, and prevents problems in advance. Valuable modeling data is transferred directly to the team that operates and maintains the building. The data is then used to mitigate project risks, reduce unbudgeted expenses, and leverage the project teams' efforts to their fullest. As of December 31, 2016, the model, which comprised over 260,000 elements, had detected 1,500 anomalies—critical information used to avoid problems on the construction site.

RENTAL SPACE BUILD-OUT AND NEW VENDOR SPACES

AQi issued a call for tenders to revamp its entire commercial offering. Passengers will have new options, including food and beverage vendors (a food court, a sit-down restaurant, restaurant bars, and a sandwich shop), a duty free shop, amenity/specialty boutiques, and two currency exchange counters. The broader commercial offering will bring AQi's vision to life. Vendors will be expected to deliver an unforgettable passenger experience reflecting current airport trends with a range of local products and services enhanced by national and international offerings. The new concessions will open gradually until 2019.

PUBLIC COMMUNICATIONS MANAGEMENT

The farther along YQB 2018 advances, the more important communication is. Pictures and videos have been added to the yqb2018.com website. Webcams allow visitors to watch the project unfold in real time. These and other images and videos are shown on static and touch screens inside the airport. In addition to those who receive our weekly newsletter, some social media posts have reached tens of thousands of people. We also make a point of communicating regularly with stakeholders. Key players from the airline, airport, and tourism industries and other economic fields have toured the site and attended presentations. The media has also shown an interest in YQB 2018, which has received good coverage in international publications. The expansion project came in for special mention for its efficient management methods and energy-saving measures. Given the scope of the work in 2016, a number of videos were also shot. Some were released in 2016 and others will come out in 2017. Major interactive Web projects will also be presented to passengers and stakeholders in 2017 to generate more buzz around the project a few months before the new building officially opens.

OPTIMIZATION OF THE BAGGAGE HANDLING SYSTEM

Also in 2016, plans were drawn for automated bag drop, a second baggage sorting room and a storage system for the advance drop-off of luggage. A contract was also awarded for two international baggage carrousel in the new terminal. In addition, the airport finalized the specifications and schedule for new checked baggage screening devices arriving in spring 2017.

NEW LOADING BRIDGES

The airport purchased six new loading bridges to replace two existing units and enhance passenger service. The bridges will improve service reliability, provide for greater flexibility, and make it easier to accommodate aircraft of different types. The bridges are currently being designed and will be installed in fall 2017.

MANAGING OPERATIONAL IMPACTS

The airport put every effort into minimizing the impact of the construction work on passengers and mitigating the risks inherent to such a large-scale project. An Operational Readiness and Airport Transfer (ORAT) approach was also implemented to establish the processes that will ensure the proper use of the new airport facilities.

NEW TECHNOLOGIES

Also in 2016, the airport finished planning and selecting technology solutions for the new terminal. We replaced the wired and wireless infrastructure to allow for network expansion and the addition of new technologies.

In 2017, we will install, expand, and configure the hardware and software to provide passengers with a quick, efficient, and seamless airport experience.



RUNWAY REPAIRS: IT'S ALL IN THE PLANNING

YQB has its fair share of operational challenges, but it can also count on a team that's never met a project it can't handle.

Runway repairs are no exception. Since safety is YQB's number one priority, a lot of time and energy has gone into planning how to best tackle this highly complex puzzle. For two years, the team imagined every scenario down to the very last detail, giving new meaning to the word teamwork.

The goal was to upgrade the runways and ensure long-term viability while minimizing impact on operations.

Although a rainy spell set things back, the team worked night and day from June 6 to 18, 2016, repairing the intersection of the two runways. At the same time, they renovated Runway 11-29, completing the work until July 3. The route is clear for the next phase—renovation of main Runway 06-24 in May 2017.

At the same time, work was done to improve surface drainage and keep water from accumulating, replace runway markers for enhanced aircraft navigation, and upgrade lighting systems to LEDs. The upgraded lights also run on two parallel electrical circuits, so pilots have visual cues even in a power failure.

All in all, this incredibly complex undertaking was done on a very tight deadline and without ever compromising airport operations or our hallmark client experience.





RUNWAY REPAIRS (2016–2017): A PROWESS IN NUMBERS

Resurfacing

- 160,000 m² of old asphalt removed
- 60,000 tons of new asphalt laid
- 2 plants (1 onsite) to meet demand
- 3,800 m³ of concrete slabs replaced under the pavement layer

Markers

- Over 80 km of cables
- 88 new high-intensity LED runway lights
- New approach lighting as bright as the headlights of 45 cars

Drainage

- 55,000 m³ excavated to redo the drainage system
- 60,000 m² of geotextile membrane installed
- 3.5 km of concrete pipe laid



FINANCIAL HIGHLIGHTS

2016 FINANCIAL PERFORMANCE

Aéroport de Québec inc. posted comprehensive income of \$8.8 million for the financial year ending December 31, 2016. Revenues were \$58.9 million, including financial revenues, and operating expenditures were \$50.1 million.

REVENUES

- ▶ Revenues derived from airport improvement fees (AIFs) totaled \$22.6 million. AIFs are entirely reinvested in airport improvement initiatives, including interest payments on AQi's debt.
- ▶ Landing fees generated \$6.3 million.
- ▶ Terminal and loading bridge fees were \$6.8 million.
- ▶ Parking, concession, rental, and service revenues were \$17.6 million.
- ▶ Safety and security revenues were \$4.2 million.
- ▶ Overall revenue growth was 6.3%.

EBITDA

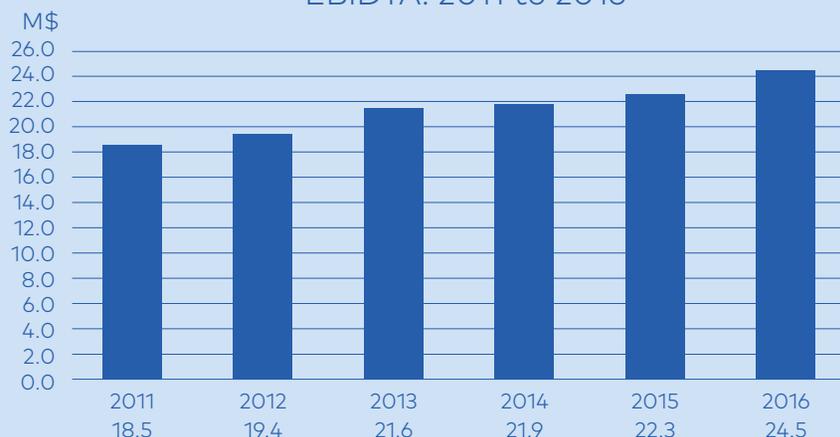
Earnings before interest, taxes, depreciation, and amortization (EBITDA) totaled \$24.5 million in 2016.

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 \$13.6 million.
- ▶ Rent paid to Transport Canada was \$3.4 million.
- ▶ Aéroport de Québec inc. also procured goods and services worth a total of \$13.8 million. Of this amount, \$8.1 million went to services and maintenance while \$3.2 million was spent on materials, supplies, and utilities.
- ▶ Aéroport de Québec inc. made \$3.5 million in payments in lieu of taxes.

EBITDA: 2011 to 2016



**PROJECTED REVENUES
AND EXPENSES (2017-2021)**
(in thousands of dollars)

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------|--------|--------|--------|--------|--------|
| Revenues | 56 863 | 71 456 | 77 473 | 80 442 | 81 910 |
| Expenses* | 40 393 | 53 524 | 54 701 | 56 645 | 57 613 |

* 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 (2017-2021)

The following are the main investments under consideration for 2017-2021:

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

2016 INVESTMENTS
(in thousands of dollars)

| | Forecast | Actual | Investments |
|-------------|----------|--------|--|
| Investments | 89 348 | 79 707 | Savings realized and postponement of certain projects and studies. |

AQi's main investments in 2016 were the following:

- ▶ Apron 2 – Enlargement to accommodate Code C aircraft
- ▶ Apron 3 – Construction of a vehicle lane
- ▶ Resurfacing of Runway 11-29
- ▶ Aircraft parking, new areas 18 and 19
- ▶ Major refurbishing of Runway 06-24, intersection area of Runway 06-24 and 11-29
- ▶ Terminal expansion – international arrivals area
- ▶ Purchase of two firefighting trucks
- ▶ Replacement of CUTE-CUSS system

- ▶ Refurbishment of Delta and Echo taxiways
- ▶ Expansion and refurbishment of Delta taxiway vehicle lane
- ▶ Aircraft parking, new area 16 and 17
- ▶ U.S. preclearance center - USCBP



Sunwing

C-FTOH

BOEING 737-800

C-GLQZ



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, 2016, 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, 2016. We expressed an unmodified audit opinion on those financial statements in our report dated February 23, 2017.

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, 2016 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 23, 2017

¹ CPA auditor, CA public accountancy permit no. A119912

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2016

| | 2016 \$ | 2015 \$ |
|---|-------------------|-------------|
| Revenues | | |
| Landing and terminal | 13,130,775 | 13,130,988 |
| Airport improvement fees | 22,632,270 | 20,354,222 |
| Concessions | 3,494,397 | 3,375,949 |
| Rentals | 2,269,825 | 2,017,437 |
| Parking | 5,948,204 | 5,901,206 |
| Services and recoveries | 5,891,734 | 5,647,140 |
| Safety and security | 4,153,902 | 3,485,031 |
| Other income | 41,432 | 39,769 |
| | 57,562,539 | 53,951,742 |
| Expenses | | |
| Employee benefit expenses | 13,587,790 | 12,969,288 |
| Rent | 3,405,466 | 3,116,152 |
| Goods and services | 13,806,425 | 12,693,643 |
| In lieu of taxes | 3,465,659 | 4,143,626 |
| Amortization of property, plant and equipment | 12,580,717 | 11,641,566 |
| Amortization of deferred expenses | | 78,820 |
| Amortization of deferred revenues relating to property, plant and equipment | (2,568,407) | (2,216,167) |
| | 44,277,650 | 42,426,928 |
| Operating results | 13,284,889 | 11,524,814 |
| Finance income | 1,296,322 | 1,394,852 |
| Finance costs | (5,873,244) | (4,892,691) |
| Net revenues | 8,707,967 | 8,026,975 |
| Other comprehensive income | | |
| Item that will not be reclassified subsequently to profit or loss | | |
| Revaluation of net defined benefit pension plan liability | 133,600 | 111,300 |
| Comprehensive income | 8,841,567 | 8,138,275 |

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

SUMMARY STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2016

| | Accumulated revenues \$ | Accumulated other comprehensive income \$ | Total net assets \$ |
|---|-------------------------------|---|---------------------------|
| 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 |
| Balances as at January 1, 2015 | 102,519,855 | (2,371,900) | 100,147,955 |
| Net revenues | 8,026,975 | | 8,026,975 |
| Revaluation of net defined benefit pension plan liability | | 111,300 | 111,300 |
| Comprehensive income | | | 8,138,275 |
| Balances as at December 31, 2015 | 110,546,830 | (2,260,600) | 108,286,230 |

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

SUMMARY STATEMENT OF CASH FLOWS

Year ended December 31, 2016

| | 2016 \$ | 2015 \$ |
|---|---------------------|---------------|
| Operating Activities | | |
| Net revenues | 8,707,967 | 8,026,975 |
| Non-cash items | | |
| Gain on disposal of property, plant and equipment | (41,432) | (39,769) |
| Amortization of transaction costs | 70,072 | 32,058 |
| Amortization of property, plant and equipment | 12,580,717 | 11,641,566 |
| Amortization of deferred expenses | | 78,820 |
| Amortization of deferred revenues relating to property, plant and equipment | (2,568,407) | (2,216,167) |
| Net defined benefit pension plan liability | (32,208) | (66,389) |
| Net change in working capital items | 1,452,275 | (1,592,713) |
| Cash flows from operating activities | 20,168,984 | 15,864,381 |
| Investing Activities | | |
| Term deposits | (108,618,414) | (256,215,959) |
| Receipt of term deposits | 101,468,552 | 114,266,901 |
| Receipt of note receivable | 116,667 | 116,666 |
| Acquisition of property, plant et equipment | (69,382,389) | (39,137,761) |
| Disposal of property, plant et equipment | 48,224 | 45,731 |
| Cash flows from investing activities | (76,367,360) | (180,924,422) |
| Financing Activities | | |
| Receipt of grants receivable | 7,953,674 | 9,586,232 |
| Loans | 50,000,000 | 267,000,000 |
| Transaction costs | (240,089) | (1,199,684) |
| Repayment of loans | (2,881,200) | (109,881,200) |
| Cash flows from financing activities | 54,832,385 | 165,505,348 |
| Net increase (decrease) in cash | (1,365,991) | 445,307 |
| Cash, beginning of year | 5,616,179 | 5,170,872 |
| Cash, end of year | 4,250,188 | 5,616,179 |

During the year, AQi paid a total of \$12,454,991 (\$7,522,393 in 2015) in interest and received a total of \$4,700,279 (\$2,037,856 in 2015) in interest.

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

SUMMARY STATEMENT OF FINANCIAL POSITION

December 31, 2016

| | 2016 \$ | 2015 \$ | | 2016 \$ | 2015 \$ |
|-------------------------------|--------------------|-------------|---|--------------------|-------------|
| Assets | | | Liabilities | | |
| Current | | | Current | | |
| Cash | 4,250,188 | 5,616,179 | Accounts payable | 26,179,235 | 19,641,389 |
| Term deposits | 112,285,837 | 71,826,403 | Deferred revenues | 648,333 | 485,658 |
| Accounts receivable | 7,449,901 | 8,225,049 | Customer deposits | 294,293 | 219,307 |
| Grants receivable | 9,602,163 | 10,242,572 | Loans | 6,674,389 | 7,220,767 |
| Note receivable | 116,667 | 116,667 | Direct financing lease liability | 437,138 | |
| Supplies in inventory | 674,129 | 719,417 | | 34,233,388 | 27,567,121 |
| Prepaid expenses | 706,981 | 651,653 | | | |
| | 135,085,866 | 97,397,940 | | | |
| Non-current | | | Non-current | | |
| Term deposits | 89,781,581 | 123,091,153 | Accounts payable | 2,729,891 | 651,383 |
| Note receivable | 1,975,000 | 2,091,667 | Loans | 336,986,817 | 293,252,623 |
| Grants receivable | 48,782,798 | 51,845,364 | Obligation under a direct financing lease liability | 1,770,382 | |
| Property, plant and equipment | 323,874,558 | 256,755,296 | Deferred revenues relating to property, plant and equipment | 105,836,714 | 100,393,455 |
| | 464,413,937 | 433,783,480 | Customer deposits | 485,700 | 535,686 |
| | 599,499,803 | 531,181,420 | Net defined benefit pension plan liability | 329,114 | 494,922 |
| | | | | 448,138,618 | 395,328,069 |
| | | | | 482,372,006 | 422,895,190 |
| | | | Net Assets | | |
| | | | Accumulated revenues and accumulated other comprehensive income | 117,127,797 | 108,286,230 |
| | | | | 599,499,803 | 531,181,420 |

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, CPA, CA, ASC
Chair of Audit Committee

NOTES TO SUMMARY FINANCIAL STATEMENTS

December 31, 2016

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.

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 23, 2017. The independent auditor expressed an unmodified opinion on these financial statements in the independent auditor's report dated February 23, 2017.

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

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

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

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

3 AVAILABILITY OF THE FINANCIAL STATEMENTS

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





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 2016 AQi was supported by a team of fifteen (15) 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 2016 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 2016, notably by means of an annual declaration of interest signed by each director and update notices published as needed.

CONTRACTS IN EXCESS OF \$110,400 AWARDED WITHOUT PUBLIC CALLS FOR TENDER

- Renewal of a contract for automated baggage handling system maintenance services at an annual amount of \$1,040,410 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 2016, AQi paid this provider \$1,116,269 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 | 5 |
| Audit Committee | 6 |
| Risk Management Committee | 4 |
| Planning and Development Committee | 3 |
| Construction Committee | 6 |
| Community Advisory Committee..... | 3 |
| Annual general meeting (members)..... | 1 |
| Annual general meeting (public)..... | 1 |
| Annual meeting of nominating bodies..... | 1 |

Management

In 2016 AQi had seven (7) managers who received a total of \$1,693,044 in compensation during the financial year ending December 31, 2016, including annual bonuses for achieving or exceeding their objectives.

REGULAR REMUNERATION

| Name | Fees | Meeting Fees | 2016 Total |
|---------------------------------|----------|--------------|------------|
| Alain April | \$10,000 | \$6,000 | \$16,000 |
| France Bilodeau ⁴ | \$7,918 | \$4,800 | \$12,718 |
| Luc Dupont | \$9,302 | \$3,000 | \$12,302 |
| André Fortin** | \$60,000 | \$20,400 | \$80,400 |
| Jean Claude L'Abbée*** | \$18,000 | \$18,600 | \$36,600 |
| Lise Lapierre* | \$20,000 | \$9,600 | \$29,600 |
| Liliane Laverdière* | \$20,000 | \$6,600 | \$26,600 |
| André Lortie | \$10,000 | \$2,400 | \$12,400 |
| Alexandre Matte ¹ | \$3,462 | \$2,400 | \$5,862 |
| Jean-Guy Paquet* | \$20,000 | \$7,200 | \$27,200 |
| Pierre Pelletier | \$10,000 | \$5,400 | \$15,400 |
| Nathaly Riverin ³ | \$3,022 | \$1,800 | \$4,822 |
| René Rouleau ⁵ | \$7,918 | \$4,800 | \$12,718 |
| Louis Têtu | \$10,000 | \$3,600 | \$13,600 |
| Denis Therrien* | \$16,511 | \$6,600 | \$23,111 |
| Alain Vaillancourt ² | \$1,731 | \$1,800 | \$3,531 |

* Committee chair

** Board chair

***Board vice-chair

¹ Left March 3, 2016.

² Left March 3, 2016.

³ Left April 19, 2016.

⁴ Appointed March 3, 2016.

⁵ Appointed March 3, 2016.

DESTINATIONS

BONAVENTURE

CANCUN

CAYO COCO

CAYO SANTA MARIA

CHICAGO

FORT LAUDERDALE

GASPÉ

HOLGUIN

ÎLES-DE-LA-
MADELEINE

KANGIQSUJUAQ

KANGIRSUK

KUUJJUAQ

LA ROMANA

MONTEGO BAY

MONT-JOLI

MONTRÉAL

NEWARK

NEW YORK

ORLANDO

OTTAWA

PARIS

PHILADELPHIE

PLAYA BLANCA

PUERTO PLATA

PUERTO VALLARTA

PUNTA CANA

QUAQTAQ

ROATAN

SAINT-HUBERT



ST MAARTEN
SALLUIT
SAMANA
SCHEFFERVILLE
SEPT-ÎLES
TORONTO YTZ
TORONTO YYZ
VARADERO
WABUSH
WEST PALM BEACH



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