

PORTS
TORONTO

2018

Annual General Meeting

June 21, 2019





Jim Faught
Lura Consulting



PORTS
TORONTO

Agenda

Welcome
Remarks from the Chair
Remarks from the Chief Executive Officer
Presentation of 2018 Financial Results
Questions and Answer Period
Adjournment

Robert Poirier
Chair
Board of Directors
PortsToronto





- PortsToronto's board has representation from all three levels of government
 - City of Toronto: Amanda Walton
 - Province of Ontario: Jan Innes
 - Federal Transport Minister's Appointee: Darin Deschamps
- Remaining seats appointed by Minister of Transport in consultation with industry user groups: Commercial, Recreational, Airport and Port Operations.



Board Priorities

- Ensuring the financial strength of the organization;
- Promoting strong governance throughout the organization;
- Committing to significant ongoing investments in safety, environmental sustainability, and developing long-term strategy for the benefit of all stakeholders.



- Board is focused on the future and ensuring we have the business portfolio and vision to keep PortsToronto successful.
- Proud to confirm 11th year of profitability with strong revenues and growth for all business units.
- Billy Bishop Airport accounts for majority of PortsToronto's revenues. Strong passenger numbers and strategic investments in infrastructure will secure the long-term future of the airport as a valuable transportation asset for the City of Toronto.

Billy Bishop Airport 80th Anniversary

**BILLY
BISHOP**
TORONTO CITY AIRPORT





- PortsToronto focused on making the airport cleaner, greener and quieter for the community, while driving award-winning efficiency, convenience and customer service for our passengers and partners.
- Achieved through consistent infrastructure investment, regular public consultation, and policy and landside improvements to address irritants such as noise and traffic.
- Efforts have led to a 46 per cent decrease in noise complaints from 2013 to 2018.



Master Plan

- Continue to identify opportunities for improvements such as the Ground Run-up Enclosure.
- Master Plan identifies several key improvement areas that will be implemented as demand and opportunity presents.



US CBP Preclearance

- US Customs and Border Protection (CBP) preclearance will make our airport even more efficient for the passenger and unlock new markets and economic opportunities for trade and tourism to the US.
- Our airport has been serving the US for 80 years and we would like to continue to do so with the increased efficiency and opportunity that preclearance offers.
- Will only implement preclearance if the cost is reasonable and will not move forward with implementing the service if it means the cost is excessive to passengers.

Vision & Mission



Vision:

To be the global leader for how a modern airport operates in an urban environment.

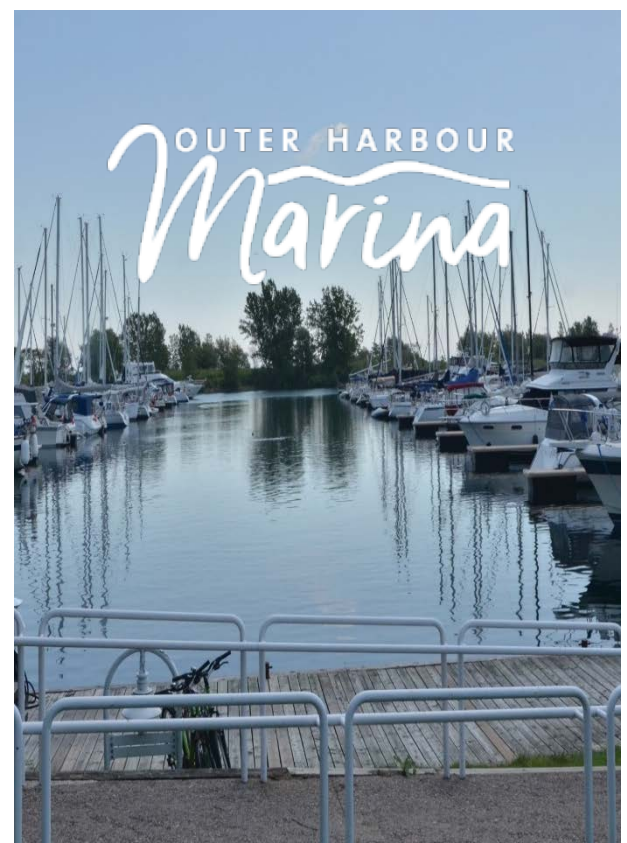
Mission:

To invest in the areas that are meaningful to our passengers, community and stakeholders. With a focus on sustainability and innovation, Billy Bishop Airport is committed to continuous improvement in noise mitigation; environmental protection and air quality improvements; passenger service and convenience; community initiatives and engagement; and, technology development to make what is already great even better.



PORTS TORONTO

PortsToronto is a partner to the City of Toronto and plays an important role in City Building.





**BILLY
BISHOP**
TORONTO CITY AIRPORT

**PORT OF
TORONTO**

OUTER HARBOUR
Marina

THANK YOU

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TORONTO

Geoffrey Wilson
Chief Executive Officer
PortsToronto





AGM will report on the economic and operational performance of all of PortsToronto's business units.

Any comments or questions pertaining to the Master Plan should be formally submitted through the process outlined at the June 12th Master Plan meeting.

This meeting is not associated with the Master Plan process currently underway for Billy Bishop Airport.

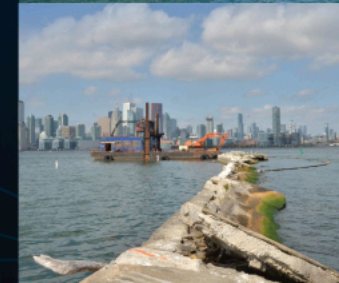
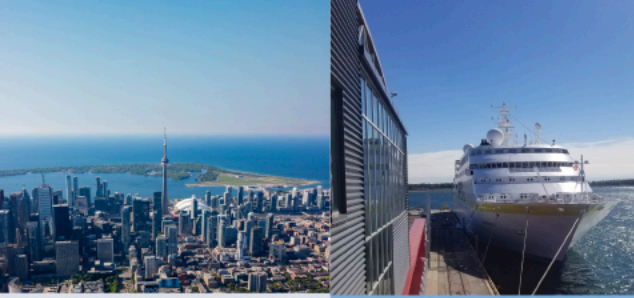
Comments made at this meeting will not be captured for the purposes of the Master Plan.

Submit Master Plan comments through the project website.

Paper submission forms available.

PORTS TORONTO

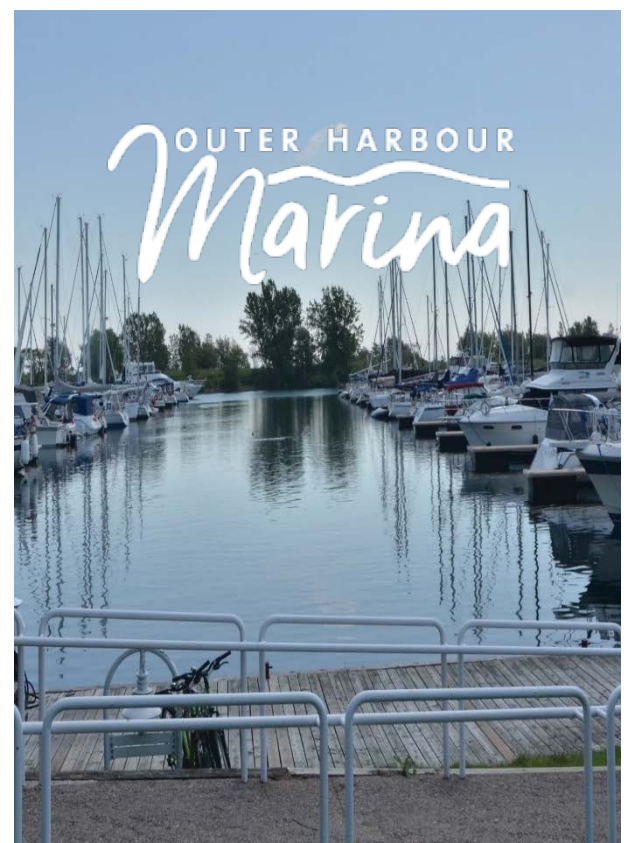
- 2018 strong year for PortsToronto which reported its 11th consecutive year of profitability and successful completion of many significant projects.
- PortsToronto is mandated to be financially self-sufficient and self-sustaining and receives no funding from any level of government.
- Operations, infrastructure development, environmental initiatives, and community investment program are dependent on PortsToronto's ability to maintain profitability.
- PortsToronto pays taxes and charges on revenues. In 2018 PortsToronto paid just under \$9 million to local and federal governments in the form of PILTs, property taxes, and the Gross Revenue Charge.





PORTS TORONTO

In 2018 PortsToronto's four business units were profitable and reported growth in revenues.





- Served 2,807,208 passengers in 2018.
- Generated revenue of \$43.7 million, including \$17.6 million in Airport Improvement Fees (AIF).
- Passenger volumes expected to grow 3-5% in 2019, which is typical average growth and in keeping with PortsToronto's Managed Growth Strategy.
 - Managed Growth Strategy reflects PortsToronto's commitment to maintaining an appropriate scale to our operations and strikes balance between aviation activity and community interests.

Airport Improvement Fee (AIF)

- Revenue from the Airport Improvement Fee (AIF) decreased in 2018 as a result of PortsToronto's decision to reduce fee to \$15, down from \$20 per departing passenger.
- Reduction in fees was strategic and appropriate, and we are proud of taking a leadership position in ensuring that AIF is aligned with current business needs and the needs of our passengers.

Reduction in AIF:

- Steady passenger growth has led to a consistent and strong stream of AIF funds that have been reinvested into infrastructure.
- With infrastructure projects nearing completion, and passenger numbers continuing strong, PortsToronto in a position to reduce fees to passengers.
- This will make the airport even more efficient and cost-effective for passengers.
- Reduced AIF consistent with recommendations stemming from 2016 Canada Transportation Act Review and is among the lowest in Canada.
- Reduction in cost came at a time when PortsToronto is making significant investments in infrastructure.

US CBP Preclearance

- Build on our commitment to improve connectivity and enhance travel experience by pursuing US CBP preclearance.
- US CBP will:
 - Support outcomes of Transportation Act Review
 - Increase connectivity and open new markets
 - Facilitate trade and tourism between Canada and the US.
- US CBP must be implemented in a manner that does not pass additional costs to the passenger.



US CBP Preclearance

- PortsToronto remains optimistic that a solution can be identified with the help of the federal government.
- As the 9th busiest Canadian airport and the 6th busiest serving the US, Billy Bishop Airport is in an excellent position to be among the first to implement US CBP and it already has space earmarked for a facility within the newly enhanced passenger terminal.

Airfield Rehabilitation By the Numbers



Airfield Rehabilitation

- Completion of Airfield Rehabilitation Project to modernize and improve runways, taxiways, lighting and related infrastructure at Billy Bishop Airport.
- Project included innovative measures to mitigate noise and impacts associated with overnight construction, which included the barging operation to bring supplies across the harbour, rather than by truck through the neighbourhood.
- Project won two North American Environment Achievement Awards over the last three years from Airport Council International for noise mitigation and overall project innovation.



Billy Bishop Airport won the ACI-NA Environmental Achievement Award for Best Innovative Project for the airport's successful implementation of the Airfield Rehabilitation Program.



Billy Bishop Airport won the Airports Council International (ACI-NA) Environmental Achievement Award for its Noise Mitigation Program.



Ground Run-up Enclosure

- Ground Run-up Enclosure (GRE) opened in April 2017.
- GRE paid for through Airport Improvement Fees.
- GRE performing as promised. Did not receive a single complaint related to engine run-ups in 2018. Before the GRE we would receive anywhere from 30 to 160 complaints per year.



Noise Mitigation

- Working to decrease noise is one of the key priorities of Billy Bishop Airport.
- Investing in infrastructure, equipment and procedures, promoting walking and biking to the airport; realizing the potential of investments such as the pedestrian tunnel, are key ways the airport has worked to mitigate noise.
- Overall noise complaints have decreased by 43% since 2013.
- In 2018 overall noise complaints decreased by 19% over the prior year.

Converting Marilyn Bell I to Electric Power

- With engine run-up noise now a manageable impact with the GRE, noise from the ferry is our next priority.
- In 2018, the ferry was converted to bio-diesel fuel to address some of the air quality concerns. But this did not address noise.
- Developing plan to convert ferry to electric power in 2020, which will reduce the vast majority of noise and air emissions making ferry clean, green and quiet.
- The ferry will be powered by a lithium-ion battery and will be the first passenger ferry in Canada using this green technology.
- Cost of converting the ferry will be paid through Airport Improvement Fees and will not be paid by taxpayers.



Port of Toronto

- In 2018, Port of Toronto recorded its strongest year in more than a decade for cargo and cruise ship operations.
- 2.2 million metric tonnes of cargo from around the world delivered into the heart of the city with 170 vessels calling.
- Port reported operating income of \$3.6 million, up significantly from \$1.1 million the year prior.



Port of Toronto

- New businesses at PortsToronto's port property, including new film production leases associated with Cinespace, drove an increase in profitability.
- Cinespace lease came at the request of Mayor Tory and following a comprehensive analysis of current port operations to ensure PortsToronto could accommodate the production studios without impacting or displacing port activity.





Port of Toronto – Cinespace

- Cinespace leasing Marine Terminal 51, and part of the Cruise Ship Terminal.
- Cinespace one of the foremost production houses in North America.
- Cinespace announced in early 2019 that Netflix will establish a production hub in the leased space bringing even more jobs and opportunities to the city.
- This has been achieved without displacing regular port activity which has increased in the last two years.





Employment District

- Marine cargo handled at Port of Toronto generates \$377.7 in economic activity and 1,566 jobs in Ontario. Of these jobs, 482 are directly linked to the Port of Toronto.
- Combine this with the fact that Toronto's film sector is a \$2 billion industry and supports more than 30,000 jobs and it becomes clear that the Port of Toronto is an important employment district for Toronto.

Port of Toronto Land Use

- Port of Toronto plays an important role in the national transportation chain and in supporting largest economy in Canada.



LEGEND

- Land owned by PortsToronto
- Land leased to PortsToronto and occupied by PortsToronto
- Federally Owned Land
- Waterfront Toronto Owned Land
- Municipally Owned Land
- Provincially Owned Land
- Privately Owned Land
- Land leased to PortsToronto and occupied by third party
- PortsToronto Keating Rail Spur Line and Sort Yard



Environment

- Port of Toronto plays an important role in environmental sustainability.
- The 2.2 million metric tonnes of cargo delivered via ship took 54,000, 40-tonne trucks of the road last year.
- Ships use one-eighth as much fuel to carry cargo as trucks.



Cruise Ships

- 17 cruise ships carrying a total of 6,000 passengers visited the Cruise Ship Terminal in 2018.
- Number of ships expected to increase to 35 ships in 2019.
- Passengers stay onboard the ships in Toronto for several evenings and visit restaurants and attractions during their visit, having a significant impact on tourism.



- Outer Harbour Marina (OHM) experienced a strong year with income of \$1.9 million on revenues of \$4.5 million in 2018.
- Earned “5 Green Anchor Gold” rating from Ontario Marine Operators’ Clean Marine program for the 7th year for environmental best practices.
- Customer satisfaction rating of 94% and yearly occupancy rate of 85%.



- Operating income of \$2.5 million, up from \$1.3 million.
- Business includes investment revenues in general and on the proceeds of 30 Bay Street as well as lease revenue associated with Pier 6, 5 Queens Quay and various water lots throughout the harbour.



PortsToronto 2018 Sustainability Report Won a Gold National Award of Excellence for Best Annual Report.



Sustainability Report

- PortsToronto's fourth-annual Sustainability Report released in February 2019.
 - Reports on GHG emissions, energy usage, waste management across all operations.
 - The report itself won the top award from the Canadian Public Relations Society earlier this week for its reporting on sustainability initiatives.
- In April 2019 Billy Bishop Airport released it's second-annual Sustainability Report which details initiatives specific to the airport.



Sustainability

- These reports include initiatives undertaken to reduce our carbon footprint such as building a habitat for fish and migratory birds, deploying hybrid vehicles, and purchasing 100% of our power needs from renewable sources such as wind and hydro through Bullfrog Power.
- PortsToronto is the only airport and Port Authority in Canada to power 100% of its operations using clean, green, renewable energy.



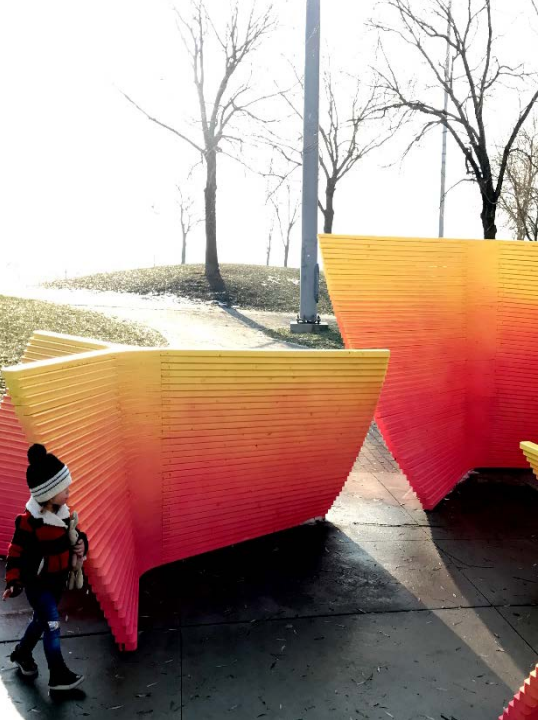
Community Investment

- Invested more than \$11 million since 2009 on environment and community initiatives including organizations such as Waterfront Neighbourhood Centre, Ireland Park Foundation, Lake Ontario Waterkeeper and Evergreen.



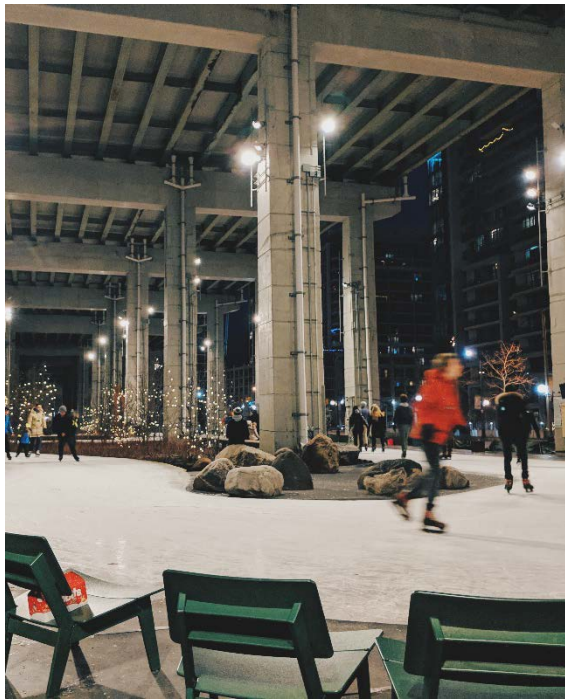
Windward Co-operative Homes





Waterfront Events

- PortsToronto sponsors almost every community event along the waterfront.



The Bentway



Doors Open

- Doors Open Toronto, held May 26, 2018.
- More than 24,000 people came out for the one-day event to learn about the airport and go behind-the-scenes of our operations including the fire hall, maintenance facility and the Ornge emergency medevac hangar.



- US CBP Preclearance at Billy Bishop Airport is a key priority for 2019 as it supports the federal government's objectives for trade and tourism between Canada and the US and would benefit passenger by improving connectivity and opening up new destinations.



Looking Forward: 2019

- Billy Bishop Airport is recognized as an important asset for Toronto and is valued by business and leisure travellers alike for being an efficient, convenient point of access.
- In 2017, Billy Bishop Airport generated \$470 million in Gross Domestic Product (GDP) and was responsible for more than 4,740 indirect and 2,080 direct jobs.



- The importance of Billy Bishop Airport will grow as Toronto's economy grows and demand for travel increases.
- By 2043 it is expected that Southern Ontario will be home to 15.5 million people, and the provincial GDP will be greater than \$1 trillion.
- Estimated that air travel demand over the next two decades puts Toronto Pearson Airport at roughly 65 million passengers per year by the mid-2030s.
- By 2043 the regional air travel volume is expected to reach 110 million passengers annually and Pearson will reach capacity.



- Current regional air travel capacity across all airports in Southern Ontario is estimated to be around 70 million passengers per year, even taking into account already planned capacity investments at Toronto Pearson.
- This growth will necessitate further specialization and collaboration among airports to ensure southern Ontario can reach its economic potential.
- Billy Bishop Airport already specializes in short-haul, regional air travel that complements Pearson's vision to concentrate on long-haul air travel.



Looking Forward: 2019

- Working with the City of Toronto on the first phase of the Bathurst Quay Neighbourhood Plan.
- Continue efforts to optimize our 52-acre property within the Port of Toronto.
- Launching a new rowing centre at the OHM to provide access and opportunity for young rowers.
- Releasing the updated Master Plan for Billy Bishop Airport in August.
- Collaborating with Waterfront Toronto, TRCA and the Mississaugas of the Credit First Nation on new and exciting initiatives along the waterfront.
- Make investments in the spirit of partnership and city building.

Alan Paul
Senior Vice President
and Chief Financial Officer
PortsToronto



Audited Financial Statements

- Audited Financial Statements and MD&A posted on PortsToronto website on May 16, 2019.
- PortsToronto auditor Deloitte LLP provided a “clean” audit opinion for 2018.
- IFRS presentation of financial statements similar to other 17 port authorities.

Financials: 2014 to 2018

(\$ in millions)	2018	2017	2016	2015	2014
Revenue	\$ 60.029	\$ 60.905	\$ 59.696	\$ 57.121	\$ 50.515
Expenses	\$ 37.119	\$ 35.452	\$ 34.279	\$ 33.692	\$ 27.260
Income from Operations and AIF	\$ 22.910	\$ 25.453	\$ 25.417	\$ 23.429	\$ 23.255
Net Income	\$ 3.525	\$ 6.477	\$ 6.684	\$ 5.897	\$ 14.887

Audited Financial Statements

- PortsToronto recorded \$60 million in total revenue for 2018.
- Significant contributions to the public purse:
 - \$3.0 million in Federal Gross Revenue Charge to federal government;
 - \$3.3 million in Payments in Lieu of Taxes (PILTs) and \$2.6 million in Property Taxes to City of Toronto.
- Total of \$8.9 million.



THANK YOU

Question & Answer Period





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