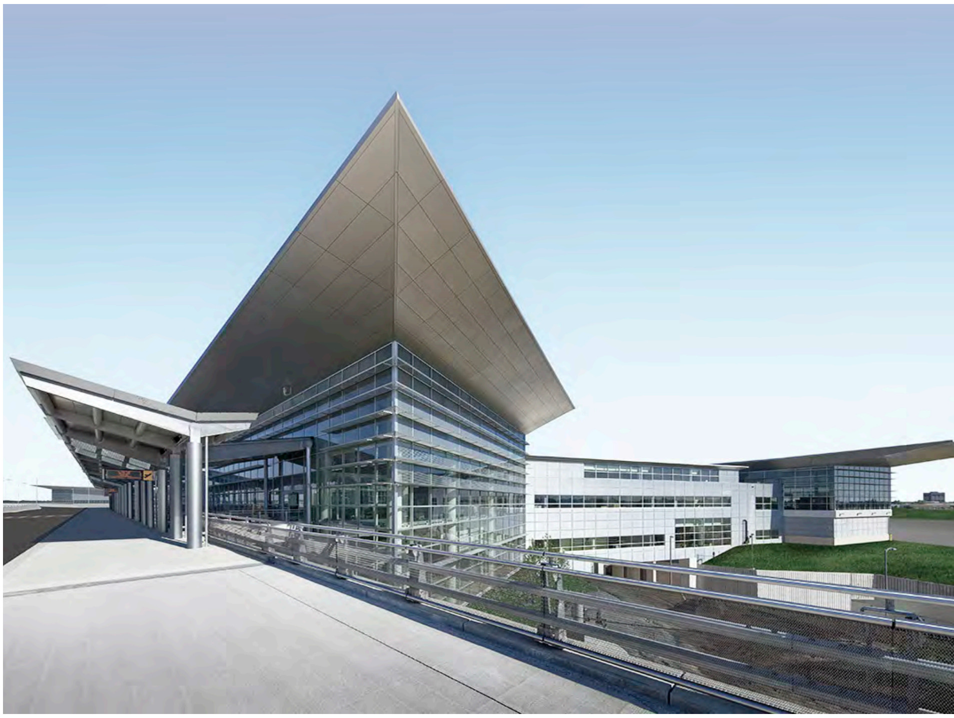
WINNIPEG AIRPORTS AUTHORITY

2019 Annual Report

LEADING TRANSPORTATION INNOVATION AND GROWTH

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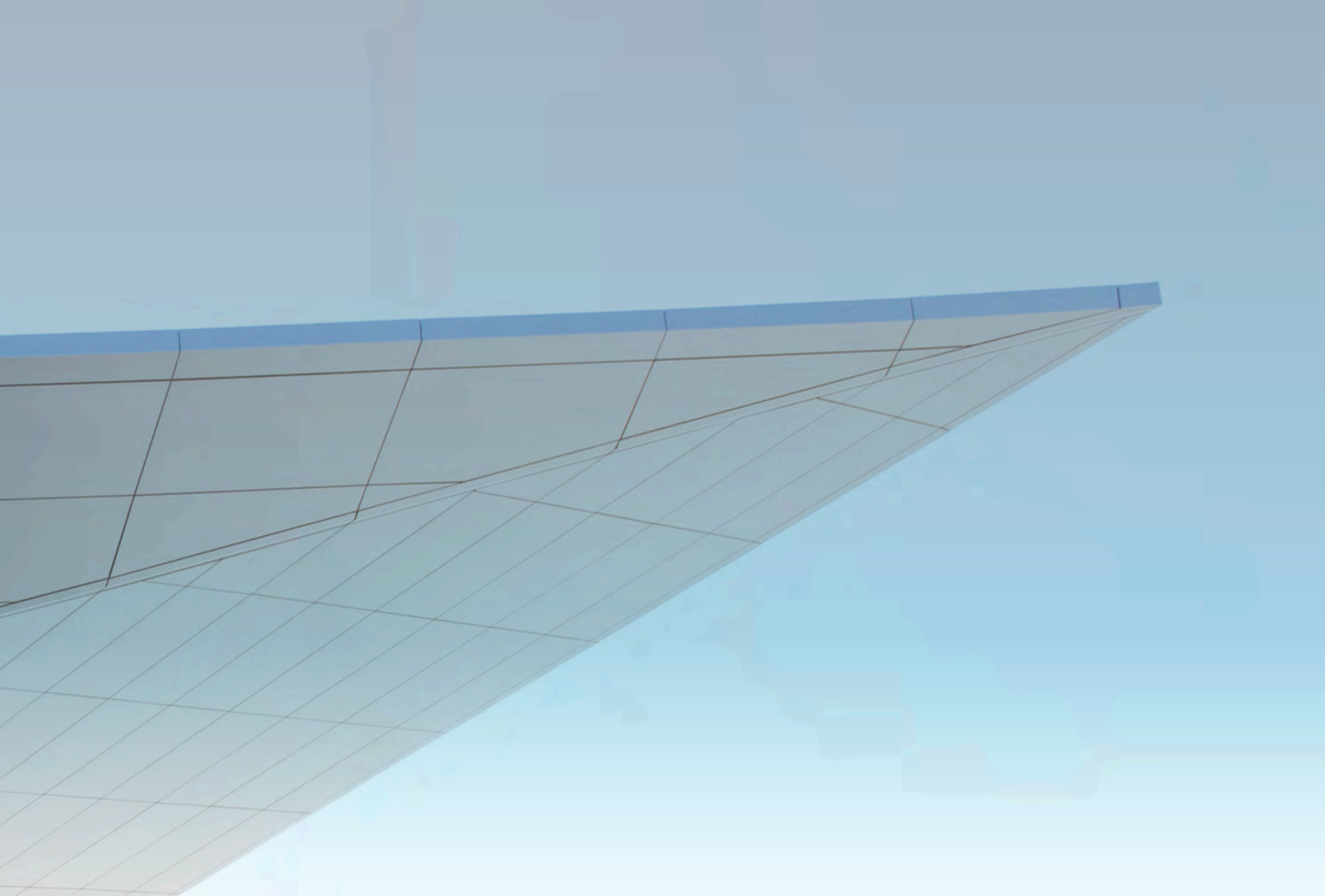

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VISION

To lead transportation innovation and growth

MISSION

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

VALUES

Respect
Integrity
Service Excellence

STRATEGIC DIRECTIONS

Enhance Customer Service and Value
We will understand our customer needs and assure value through measurements relevant to them.

Deliver and Operate Excellent Facilities and Services
We will deliver safe, secure and environmentally sound facilities and services incorporating universal design principles.

Expand Air Service to and from Winnipeg
To improve Manitoba's links to the world, we will build on our 24-hour access and our intermodal connectivity.

Be an Effective Community Partner
We will be a source of pride for our community and a leader in its growth and development.

Develop and Realize Employee Potential
Our team attracts and inspires excellence. We have engaged employees, with the right skills, in the right place at the right time.

Develop New Revenue Streams
Through business development initiatives, we will seek opportunities that will enhance and diversify revenue streams.

CARGO ROUTE NETWORK

SCHEDULED CARRIERS

CARGOJET

DHL

FedEx Express

ups

AD HOC CARRIERS

VOLGA-DNEPR GROUP AirBridgeCargo

ATLAS AIR

cargolux

CENTURION CARGO

中國貨運航空 CHINA CARGO AIRLINES

KOREAN AIR CARGO

LATAM CARGO

NCA Nippon Cargo Airlines

ROUTES AND AIRLINES

Destinations and airlines serving YWG are subject to change.

AIRLINES SERVING MAIN TERMINAL BUILDING

2019 NON-STOP DESTINATIONS

CANADA

Abbotsford
Calgary
Churchill
Edmonton
Flin Flon
Gillam
Halifax*
Hamilton
Kelowna*
London*
Montreal
Ottawa
Rankin Inlet
Red Lake
Regina
Saskatoon
Sanikiluaq
The Pas
Thompson
Thunder Bay
Toronto
Vancouver
Victoria*

U.S.

Chicago
Denver
Fort Lauderdale*
Las Vegas
Minneapolis
Orlando
Phoenix*
Palm Springs*
Tampa*

United Kingdom

London*

CHARTER*

CUBA

Cayo Coco
Holguin
Santa Clara
Varadero

DOMINICAN REPUBLIC

Punta Cana
Puerto Plata

JAMAICA

Montego Bay

MEXICO

Cancun
Huatulco
Ixtapa-Zihuatanejo
Los Cabos
Mazatlan
Puerto Vallarta

** Seasonal destinations*

MESSAGE FROM THE BOARD CHAIR


Brita Chell – Board Chair

It is an exciting time to be a part of the airport and aviation industry in Winnipeg as WAA continues to lead transportation innovation and growth. The WAA team is committed to furthering our region's connection across the globe and developing our airport campus to meet the needs of the future. At the same time, the Board is also looking ahead, strategically planning the organization's next steps to achieve long-term sustainability and success.

I am pleased to be providing my first report as the incoming Chair of the WAA Board of Directors. Our Board includes community leaders who all work together to set the overall direction for the organization. We guide our decisions by doing what is right for our community, focusing on our core values and supporting our corporate priorities.

In 2019, the Board reaffirmed WAA's three corporate priorities to be leadership, innovation and diversification.

Through active leadership, we are an engine for our local economy, a voice for our environment and are well-connected to a network of strong partners within our region and across the industry. This ranges from hosting the first CAPA Canadian Aviation Summit this past year to seeing the economic impact of the airport grow to $4.3 billion, supporting over 18,500 jobs in the community.

By prioritizing innovation, we are converting Winnipeg Richardson International Airport into a foreground for next generation ideas and new technology to enhance travel in the future. As a midsize transportation hub, YWG is the right place for trialing modern inventions based on the airport's size, proven track record and proximity to thriving local businesses. A perfect example of this is our reveal of the first autonomous snowplow in North America in partnership with two Manitoba-based companies.

Lastly, our focus on diversification is a chance for us to explore new opportunities and further grow our impact at home and beyond Manitoba. As we introduce new routes to and from Winnipeg and provide professional support services at more and more airports across Canada, WAA's portfolio is continually evolving steadily and strategically.

The milestones and progress the organization achieved in the past year wouldn't have been possible without the incredible dedication of the entire WAA team. I want to say thank you and congratulations on another exceptional year.

I also want to recognize the contributions of the Board, both past and present, and in particular outgoing Board Chair Tom Payne. Under his tenure WAA has continued to evolve, delivering on its commitment to the community. I also want to thank outgoing board members Greg Doyle and Paul Soubry for their years of service, and welcome to our new board members: Robert Penner, Ian Smart and James Wilson.

As we review 2019 throughout this report, it is evident the principles steering our Board and WAA as a whole are delivering positive outcomes for the benefit of our community. I look forward to building on this momentum in 2020 to continue to deliver on our priorities.

Sincerely,

BChell

Brita Chell

“Through active leadership, we are an engine for our local economy, a voice for our environment and are well-connected to a network of strong partners within our region and across the industry.”

– Board Chair Brita Chell

“When we are driven by our why, we can achieve great things by design.”

– President and CEO Barry Rempel

MESSAGE FROM THE PRESIDENT & CEO

Barry Rempel – President & CEO

Each year comes with its own set of unique challenges and opportunities in any industry — and aviation is no different. The variables we experience within 365 days test the foundation, commitment and integrity of our organization daily. At WAA, we place a strong emphasis on holding true to our values during trying times and revisiting our mission statement when the path isn't clear. For us, everything we do comes back to our 'why': leading transportation innovation and growth to serve our community.

With this principle guiding our way, WAA is ready to handle the future.

Our best practices and plans were put to the test in 2019 to deliver steady growth in an uncertain environment. The worldwide grounding of the Boeing 737 MAX reduced carrier capacities and had implications across the entire aviation industry. Despite this disruption, WAA persevered to welcome 4.5 million passengers to the airport in 2019, the same as in 2018. We also saw the federal government move ahead with the commercialization of the Canadian Air Transport Security Authority (CATSA) — transitioning from a Crown corporation to a not-for-profit entity. Lastly, the newly implemented Air Passenger Protection Regulations came into effect to hold airlines, and by extension, the entire aviation sector, accountable to new standards in service delivery and excellence.

It was a challenging year filled with change, but WAA still managed to achieve much worth celebrating. To start the year, we successfully launched a new corporate structure to better deliver on our commitments. From completing a major rehabilitation on Runway 13/31 to expanding our route network, we continue to set ourselves up to meet future demand for travel within our community. Our evolving partnership with Swoop played a key role in making this happen. While we continue to grow the number of direct routes from Winnipeg Richardson International Airport, we still keep services and facilities as a top priority.

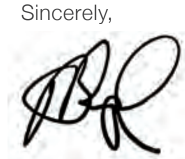
Late in 2019, we began construction on concessions near Gate 10. Set to open this spring, we look forward to unveiling a new Bombay Sapphire Lounge and a renovated, larger Tim Hortons located post Domestic/International security. This renovation will help maximize the use of this space to give travellers more options to enjoy their time before their flight.

Another project to undergo significant progress in 2019 is our Ground Services Equipment Building. A considerable undertaking, this $27-million investment saw construction milestones year-round from installing the steel superstructure to pouring all of the concrete floor slabs. As we prepare to move tenants and equipment into the new WAA-owned facility, we simultaneously must reflect on an investment we secured for the next phase of our plan. The Federal Government under the National Trade Corridors Fund provided a $30-million investment in 2019 for the Multi-tenant Air Cargo Logistics Facility. In essence, a significant development aimed to solidify our reputation as a cargo hub further.

WAA remains committed to serving the community through our work in developing the airport campus and outside the office. Again this year, our team grew a garden for Winnipeg Harvest. We donated over 2,300 pounds of vegetables to bring our total over the past two decades to more than 63,000 pounds. The WAA Plane Pull team put in another heroic effort in support of United Way Winnipeg and we continued to see staff participate in the MS Bike Ride through Riding Mountain Park. These initiatives, along with our support for the Christmas Cheer Board and Siloam Mission, showcase a few of the meaningful ways WAA was able to give back in 2019.

This annual report is an opportunity for us to reflect on the previous year, celebrate our achievements and hone in on what we are doing right to deliver on our vision, mission and values. When we are driven by our why, we can achieve great things by design.

Sincerely,



Barry Rempel

1
Get Under Nature's Skin
LIMITED TIME
MANITOBA MUSEUM
Welcome
Bienvenue
WINNIPEG
PLAZA PREMIUM LOUNGE

2019 HIGHLIGHTS

WITH OUR COMMUNITY

The words **"with our community"** lie at the heart of everything we do at WAA.

Our decision-making processes, such as how we operate, maintain and invest in the airport, are based on whether or not our actions will create a meaningful benefit for our community, both today and in the future. In collaboration with our business partners, we work together to explore new opportunities to diversify our portfolio and meet the needs of the community we serve.

WAA is a non-share capital corporation, which means we function like a private company, but the profits are invested back into the airport. These profits allow WAA and its subsidiaries to continue to develop in a variety of ways. In 2019, these earnings went towards initiatives like the $24-million Runway Rehabilitation Project, the construction of a new 96,000-square-foot Ground Service Equipment Building and upgrading our Baggage Handling System, to list a few. Since 1997, WAA has invested more than $1 billion into developing and growing the airport campus.

Our Board of Directors, nominated from within the community, steer WAA's vision to lead transportation innovation and growth. By supporting more than 17,000 jobs, piloting and launching leading technology as well as contributing billions in economic impact, we are committed to investing in our local economy and seeing our city and province continue to thrive.

The sky is the limit at WAA as we look to create more opportunities to connect people and move goods to and from destinations across the globe.

From Stevenson Field (1928) to Winnipeg International Airport (1964) to Winnipeg James Armstrong International Airport (2018), the campus has evolved from an airfield servicing a single airline to an airport city, complete with hundreds of stakeholders and partners.

GROWING OUR CONNECTIONS

Strengthening our region's connectivity, both locally and globally, is a big part of what we do.

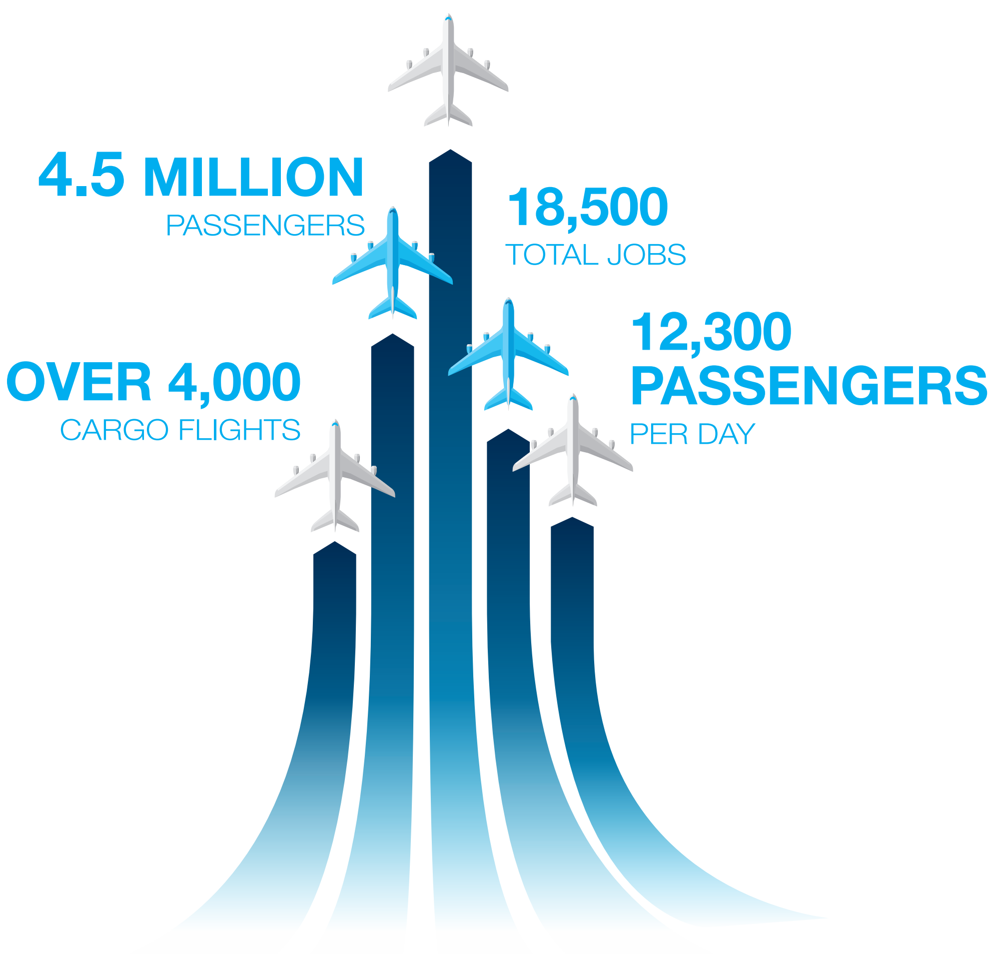
From Flin Flon to Puerto Vallarta, 12 airlines flew 4.5 million travellers to and from 67 direct destinations out of Winnipeg Richardson International Airport in 2019. A total of 12 cargo carriers also moved a higher volume of goods in and out of the region in comparison to 2018, allowing online purchases to arrive on the doorstep and supporting infinite business opportunities. Whether we are moving people or products, creating connections always relates to developing strong working relationships.

In 2019, WAA had the privilege of hosting the first CAPA Canadian Aviation summit. The event welcomed aviation leaders from across North America to Winnipeg to discuss industry trends, challenges and opportunities to help shape a more dynamic Canadian market. The summit demonstrated WAA's commitment to being leaders in transportation growth, while showcasing the region as a growing travel destination.

4.3 BILLION
DOLLARS TOTAL ECONOMIC OUTPUT

Despite the worldwide grounding of the Boeing 737 MAX, passenger traffic remained steady in 2019 — a nod to strong demand for travel in this market. Two-way international travel jumped 2.2 per cent last year as more and more people are coming from around the world to experience all that Winnipeg and Manitoba have to offer.

To further support the growing demand, WAA's evolving partnership with Swoop led to the launch of seven new direct routes in and out of YWG in 2019. This creates an open door for our community to experience destinations across North America, as well as the opportunity for us to welcome more people to Winnipeg. These new routes extended service year-round to Orlando and added Fort-Lauderdale as an additional destination available out of YWG.



CUSTOMER EXPERIENCE

As the front door to our community, we have the special opportunity to provide travellers from around the world with a strong first impression of Winnipeg and Manitoba. This is not a privilege we take lightly as we are always exploring new ways to enrich and grow our customer experiences at Winnipeg Richardson International Airport.

The Arrivals Hall is a great space for our community to come together and celebrate exciting moments as a city and as a province. In November, approximately 1,000 cheering fans filled the airport to welcome home our Grey Cup champions. Complete with a stage, a Winnipeg Blue Bombers display and the RCAF Band, the football club stayed to deliver speeches, sign autographs and connect. On another occasion, the Winnipeg New Music Festival hosted a concert inside the terminal, showcasing exceptional Canadian talent as part of the 28th annual festival.

Our Goldwing Ambassador Program is a staple at the airport. With a team of approximately 85 volunteers, our Goldwings can easily be identified by the gold blazers and presence in key areas of the terminal. Goldwings are on-site every day to provide helpful information and assist travellers or visitors in navigating the airport. The team offers an additional layer of customer service to ensure smooth airport experiences.

At WAA, we recognize travelling can bring up an array of different emotions from one traveller to the next. Our partnership with St. John Ambulance allows us to offer a Therapy Dog Program at the airport to help provide a sense of calm and comfort for travellers. While many stop quickly to pet the dog before going on their way, others stay a while and get to know the animal and the friendly volunteer who is always by the dog's side. This program is offered year-round at YWG.

For the first time in 2019, the airport celebrated a number of national recognition days. On National Cookie Day in December, passengers received Hug-Rug-themed cookies from a local bakery to brighten their day. On Mother's Day, our Goldwing Ambassadors toured the terminal presenting travellers with roses to mark the special occasion. These are only a couple of the national days embraced at the airport this past year.

At YWG, a particular customer experience never goes out of style. The Hug Rug, introduced in 2013, is a beloved spot at the bottom of the escalator in the Arrivals Hall devoted to travellers reuniting with loved ones. It doesn't matter the time of year or how long a family member or friend has been away, the Hug Rug is always in season and available for anyone to use.

During the holidays, brightly-lit trees, festive displays and the sounds of local performers fill the airport. Carrollers and musical ensembles entertain audiences in the terminal and the Hug Rug is always abuzz this time of year. Travellers can also be found wrapping their presents at the Gift Wrapping Station offered post security by WAA. This helpful service is available for any traveller who may have had their gifts unwrapped while going through security or for those who didn't wrap their gifts just in case. The station is free to use with the option to donate to Winnipeg Harvest.

CORPORATE SOCIAL RESPONSIBILITY

Community involvement is always top of mind for WAA. As an organization, we seek to find meaningful ways to demonstrate active citizenship and positively impact the world around us.

A long-standing tradition at WAA is our beloved Harvest Garden. Every summer for the past 23 years, staff members who are willing to get their hands a little dirty help plant, grow and harvest an assortment of vegetables. The crops are then picked and donated to Winnipeg Harvest. This initiative gives staff the opportunity to bond, spend time outdoors, stay active, and at the same time, support a non-profit organization fighting hunger in our city. In addition, WAA employees also chip in to help beautify the grounds each summer by potting flowers and plants across the airport campus.

As staff members are encouraged to give back to the community, we also like bringing the community to us. Several times a year, WAA hosts public events inside the terminal for anyone to attend. Our annual Open House and Travel Expo is an invitation for community members of all ages to come learn about the airport, enjoy tours and maybe even win a special prize. We also host a Remembrance Day ceremony each November in the Arrivals Hall in partnership with the 220 Air Cadets.

Each year, WAA sponsors an array of different events and initiatives to help our city and province flourish. From Girls in Aviation Day to the United Way Winnipeg, we are proud to support endeavours that align with our corporate values. We also are honoured to offer a scholarship each year to a deserving graduate in our community who is eager to pursue a career in aviation. In 2019, the Queen Elizabeth II Aviation Scholarship was presented to Jerome Cardona.

Taking action to create a positive change is sometimes available in our own backyard. Safety is critical at the airport and so we work together year-round to implement initiatives to best live our safety culture. In 2019, staff came together to take part in a Foreign Object Debris (FOD) Walk. The walk involved picking up and discarding of objects on the airfield to ensure a clean, well-kept environment for operations. WAA also organized a live exercise to practice emergency response procedures, proactively preparing for future situations. This is part of our corporate responsibility to prioritize the safety of all travellers.

ENVIRONMENT

In follow up to our Corporate Social Responsibility, we have an obligation to protect our environment for future generations. WAA is dedicated to introducing increased measures to ensure our organization grows sustainably and is mindful of any practices that may impact our environment.

In 2019, WAA partnered with Demand Side Energy to create a Strategic Energy and Carbon Management Plan. The plan will be implemented in 2020 to help minimize greenhouse gas emissions created at the airport. As we monitor our emissions closely, we needed a plan in place to help us continue to expand as an organization without creating a larger carbon footprint. This plan can help us find ways to reduce our greenhouse gas emission inventory and manage our energy consumption more efficiently.

Once again, WAA renewed the Level One Mapping Certification under the Airport Carbon Accreditation Program in 2019. This is a global carbon management program steered by Airports Council International EUROPE to help lessen the carbon footprint of airports around the world. Currently, at Level One, Winnipeg Richardson International Airport is following the steps required to obtain a Level Two certification in the near future. However, this is not an easy achievement as we have to take many factors into account, particularly our continually evolving campus as we strive to keep our greenhouse gas emissions on the decline.. Completing the Strategic Energy and Carbon Management Plan brings us one step closer to Level Two accreditation.

WAA commissioned a tornado study in 2018 to determine how climate change could impact the airport. The study, undertaken by Parsons in partnership with the University of Toronto, provided the foundation for us to take this knowledge one step further and invest in a Tornado Hazard Assessment. Stantec carried out this assessment in 2019 to help identify critical processes and procedures in the event of a tornado. This assessment also highlighted refuge areas and next steps to further study tornado planning for the airport campus.

Each year, WAA is responsible for the upkeep and attentive care of the large plot of land consisting of the airfield. This area has two waterways flowing through the property – Omands Creek to the north and Truro Creek to the south. At WAA, we constantly monitor both waterways to ensure runoff from airport operations, as well as other activities on the land, do not negatively impact water quality or interrupt local ecosystems. As we continue to hone our practices, we are able to work with valuable partners in our province, like the Lake Winnipeg Foundation, to ensure we are executing best practices and closely evaluating our waterways to fulfill our commitment to leave them better than we found them.

OUR CORPORATE PRIORITIES

Three main corporate objectives guide our Business Plan at WAA. The following objectives or key themes are affirmed by our Board of Directors and prioritized across the entire organization:

Leadership

Innovation

Diversification

Our new corporate structure, implemented in 2019, helped create a promising foundation to bring these goals to life. Our three subsidiaries represent the essential tools necessary to successfully deliver across all of these key areas.

Each subsidiary approaches our corporate objectives from a different angle, respective of its unique role and function within the organization. The combined efforts of all subsidiaries and employees continue to drive WAA to reach new heights, exploring untapped opportunities to be leaders in transportation innovation and growth. On the following pages you can find examples of the different ways our subsidiaries worked together in 2019 to meet these objectives. WAA is made up of three subsidiaries: Winnipeg Richardson International Airport (YWG Inc.), Airport City Winnipeg Ltd. (ACW) and Winnipeg Airport Services Corp. (WASCO).

WINNIPEG
AIRPORTS AUTHORITY

WINNIPEG RICHARDSON INTERNATIONAL AIRPORT

YWG Inc. is responsible for operating, maintaining and managing Winnipeg Richardson International Airport. This subsidiary is comprised of three distinct areas: Airport Terminal and Groundside Operations, Airside Operations, and Operations Compliance, all of which support day-to-day operations at the airport. YWG Inc. plays a critical role in delivering excellent customer service and creating smooth airport experiences.

AIRPORT CITY WINNIPEG

ACW focuses on planning and overseeing commercial activities to further develop the airport campus and enhance customer experiences. Real-estate, concessions and marketing belong to this subsidiary, along with air service development. ACW is responsible for building relationships with airlines, air carriers and industry partners to help strengthen our community's connection to the rest of the world. This subsidiary helps grow air transportation opportunities for both passengers and cargo.

WASCO
WINNIPEG AIRPORT SERVICES CORP.

WASCO's main goal is to seek opportunities to provide support services at other airports across Canada. This subsidiary is in the business of helping other airports run smoothly and efficiently in areas such as operations, management, maintenance and technical solutions. The group is responsible for sharing their passion for aviation and knowledge of the industry to help other airports grow and best serve their communities.

LEADERSHIP

WAA is determined to drive success for Winnipeg Richardson International Airport, our local economy and our community. Our team is committed to making grand ideas come to life, owning our actions and decisions to support future growth and inspiring excellence along the way.

The new Ground Service Equipment building underwent significant construction throughout 2019. The 96,000-square-foot space will welcome new tenants and house equipment to support airfield operations and the growth of our cargo sector in the future. This $27-million project marked a shift towards not only building our own core facility, but owning it as well. The nearly completed GSE building allows WAA to lead a larger initiative — rearranging cargo elements on campus to prepare for future expansion. The GSE building marked the first step towards opening the door for exciting opportunities yet to come to help solidify Winnipeg's reputation as a growing cargo hub.

With passenger traffic steadily rising, WAA is gearing up to welcome more travellers to the airport on an annual basis over the next decade. To do this, our infrastructure needs to be maintained, serviced and improved upon to meet the demand. As an airport, runways are a top priority. In 2019, the Runway 13/31 Rehabilitation project took place over the course of five months to restore and repair one of two runways at Winnipeg Richardson International Airport. This type of work won't be needed again for an estimated 12 to 15 years thanks to intensive pavement repairs and drainage restoration work. This will be one less hurdle to overcome as we aim to welcome more aircraft, as well as larger aircraft, to the airport in the near future.

The ongoing projects happening across the airport campus are made possible by having the right people in the right place at the right time. Our team is committed to attracting and inspiring excellence to see leaders develop and thrive within our organization. We provide opportunities for our staff to utilize their skillsets to their full potential and give them the tools they need to achieve their individual career goals. With this in mind, WAA was honoured to be recognized as one of Manitoba's Top Employers for the ninth consecutive year.

We believe in creating a meaningful and desirable work environment at WAA, with a strong focus on maintaining work-life balance. Upon starting one's career at WAA, each employee is allotted three weeks of vacation time. We also offer a lifestyle spending account to support healthy life choices, generous maternity and paternity leave top-up payments and up to five personal days to enable staff to flourish both at work and in their personal lives.

Thank you to our staff for their continued efforts in helping WAA earn this prestigious recognition and for their ongoing dedication to the work they do each and every day throughout the year.

INNOVATION

In the rapidly evolving transportation industry, WAA sees great value in implementing new concepts, processes and services to prepare for the future. In 2019, we focused on exploring what is possible and what may be valuable for our community and the organization in the coming years to best meet shifting demands for the next generation.

According to a recent Global Passenger Survey, one in every three passengers will require some form of assistance while travelling by 2038. This understanding, paired with an approximate 30 per cent increase in wheelchair requests in North America since 2016, further supported our decision to trial an autonomous personal mobility device at Winnipeg Richardson International Airport. The first trial came to life through a partnership with WHILL and Scootaround, helping us be one of the first airports in North America to trial a self-driving wheelchair. The first event saw volunteer passengers travel from post security to their gate and then at the press of button, send the device back to its docking station. With further trials already underway, the goal is to one day be able to offer this service to passengers with limited mobility the moment they arrive at the airport through to catching their flight.

With a strong focus on enhancing accessibility and shaping an inclusive, barrier-free environment, WAA launched Aira in 2019. Aira is an innovative assistive technology service to help travellers who are blind or have low vision connect with their immediate surroundings through the use of the camera on their mobile phone or smart glasses. Users interact with a live agent to gain real-time visual information. The service helps travellers navigate the airport with greater confidence, ease and efficiency. WAA offers this added layer of support for free on the airport campus. Winnipeg Richardson International Airport was the third airport in Canada to introduce Aira – a step towards making travel more accessible for all.

Innovative technology can be leveraged and adopted to serve many functions. While offering and trialing new services are exciting – Aira and WHILL – so is the idea of supporting our employees and alleviating the work load during extreme conditions. In 2019, we partnered with two Manitoba companies, Northstar Robotics Inc. and Airport Technologies Inc., to introduce the first autonomous snowplow in North America at Winnipeg Richardson International Airport. Snow clearing is a huge undertaking at the airport, with crews working around the clock to keep the runways and taxiways safe and well-cleared. The ability to introduce an autonomous snowplow, known as "Otto," has the potential to greatly benefit airport operations in the future based on continued testing in low-risk areas and measured progress. This is an example of WAA piloting technology to assist with challenges unique to our region (excessive snow, ice and sleet) and demonstrating leadership alongside progressive partners in our community.

DIVERSIFICATION

When it comes to our portfolio, WAA is involved in a wide array of endeavors at any given time. A range of new investments, services and processes are always being implemented to challenge the status quo, grow our impact and serve our community.

Our Winnipeg Airport Services Corp. (WASCO) team is continually exploring new ways to support and offer solutions at airports across Canada. In sharing our aviation knowledge and expertise, we play a valuable role in helping airports of all sizes grow and thrive to benefit communities across the country. In 2019, WASCO added five airports to our Safety Management Systems (SMS) portfolio: Sioux Lookout, Moosonee, Iqaluit, Dawson Creek and Timmins. This means we can help more airports effectively provide and monitor safe work environments, complete with procedures, plans, training and more. This doesn't include securing temporary contracts for SMS solutions at Niagara-on-the-Lake and Muskoka. WASCO completed audits at 13 different airports in 2019, boosting the current total number accomplished to date to 54. Airport Management is another service WASCO offers to provide insight in areas such as operations, finance, and engineering. In 2019, Dawson Creek Regional Airport signed up for Airport Management service, which is currently offered at two other Canadian airports in The Pas and Iqaluit. WASCO continues to work closely with other airports to assist with meeting the needs of regulatory compliance and implementing industry best practices.

In 2019, it was announced WAA was moving forward with a $62-million Air Cargo Logistics Facility at the airport, with support from the Federal Government. WAA was able to secure a $30-million investment from the Federal Government under the National Trade Corridors Fund, to help Winnipeg continue to grow as a cargo hub and leader. This marked the first time WAA has received an investment from the Federal Government since the airport was transferred over to the organization from Transport Canada in 1997. The funding opens up the door for expansion opportunities at the airport and allows us to diversify how we spend our capital reserve, putting it towards additional projects imperative to further growth and development.

A partnership between CAA Manitoba and WAA launched in 2019 to offer savings on specific services at the airport. CAA members can now receive 20 per cent off Valet & Away parking, as well as 10 per cent off numerous dining options inside the terminal. By visiting our online parking reservation website, travellers who are not CAA members can also discover discount promotions during certain times of the year to help reduce costs at the airport. We are always looking to find new ways to help more people enjoy memorable experiences at the airport, such as seeing a family take advantage of the Valet & Away service and be dropped off at the front door of the terminal.

2019 FINANCIAL REVIEW

2019 FINANCIAL REVIEW

(In thousands of Canadian dollars)	2015	2016	2017	2018	2019
Revenue	$ 111,153	$ 117,638	$ 128,529	$ 138,436	$ 139,781
Operating Expenses[1]	49,500	51,334	62,262	60,593	62,983
Ground Lease Rent	7,399	8,011	8,688	9,471	9,730
Earnings Before Interest, Income Taxes & Depreciation	54,254	58,293	57,579	68,368	67,068
Depreciation	32,387	34,846	31,476	30,055	30,503
Earnings[2]	21,867	23,447	26,103	38,313	36,565
Capital Expenditures	13,883	18,470	24,323	22,947	68,958

[1] – Operating expenses excluding ground lease rent and depreciation
[2] – Earnings before net finance expense and share of profit of associate

This review discusses the financial and operating results of Winnipeg Airports Authority Inc. (the "Company") for the year ended December 31, 2019, and should be read in conjunction with the Consolidated Financial Statements of the Company for the years ended December 31, 2019, and 2018. These financial statements provide additional information on certain matters that may or may not be discussed in this review.

Corporate Profile

The Company is a Canadian Airport Authority and a corporation without share capital under the Canada Not-for-profit Corporations Act. The Company is authorized to manage and operate airports in the Winnipeg area on a commercial basis, to set fees for their use and to develop and improve the facilities. In accordance with this mandate, the Company currently manages and operates Winnipeg James Armstrong Richardson International Airport (the "YWG") under a ground lease with the federal government, which was executed in December 1996 (the "Ground Lease"). The Company also operates ancillary businesses outside of these demised premises.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company presents earnings before interest, taxes and depreciation (EBITDA), which is a financial measure with no standardized meaning under IFRS and therefore may not be comparable to similar measures reported by other companies. EBITDA provides additional information and should not be used as a substitute for other performance measures prepared in accordance with IFRS. Management uses EBITDA as an indicator to assess ongoing operational performance.

Operating Results

Flight activity is measured by aircraft movements, where on movement is defined as a landing or takeoff of an aircraft. Each aircraft has a gross take-off weight ("GTOW") as specified by the aircraft manufacturer. YWG operations include both passenger and cargo aircraft activity.

Flights of passenger aircraft were down 6.4% in 2019 with a decrease of only 1.4% in the GTOW. This indicates the trend for air carriers to use larger aircraft for YWG's flight operations.

Total Winnipeg Richardson Airport passenger traffic for 2019 was 4,484,249 which is consistent with 2018. Original projections for traffic growth of 3.2% for 2019 were not achieved because of the grounding of the Boeing 737 MAX aircraft. The Airport's traffic is segmented into three categories: domestic (passengers travelling within Canada), trans-border (passenger travelling to the United States) and international (passengers travelling to other destinations outside Canada). Traffic decreased in the domestic sector by 0.9%, but this drop was buffeted by increases in both trans-border traffic and international traffic.

Cargo landings and GTOW were both up over 2018 as well as being ahead of plan, further adding to Winnipeg's reputation as a cargo freighter hub. Landings increased by 5.0% with the majority of this coming from domestic freighters.

Revenues

Prudent fiscal management and resilient aviation activity, despite the grounding of the Boeing 737 MAX aircraft, maintained Company revenues at $139.8 million, an increase of $1.3 million or 1.0% versus 2018. WAA ended 2019 with net income of $3.2 million, a decrease of $2.4 million in comparison to 2018 results.

Landing fees comprise the largest component of airfield revenue and are billed to air carriers on the basis of the GTOW of aircraft using YWG. With the schedule changes due to the grounding noted above, airfield revenue held its own at $23.3 million compared to $22.7 million in 2018. This modest increase of 2.7% is derived primarily due to an increase in the per tonne fee charged.

Passenger processing revenue is mostly based on the landed seats on aircraft using the main air terminal building in YWG. These transactions generated $25.9 million in revenue in 2019, compared to $25.3 million in 2018, an increase $0.6 million or 2.4%. Other revenue items in this category include ground handling fees and passenger boarding bridge fees charged per use.

Despite the consistent levels of passenger traffic, WAA saw increased revenue from groundside activities (i.e. car parking and ground transportation services such as ride-sharing services, taxis, limousines and shuttle buses). Groundside revenue of $18.7 million is up over 2018 by $0.7 million or 3.9%.

Concession revenues generated in Winnipeg's air terminal building were consistent with passenger levels and ended the year virtually the same as 2018 with a $0.03 reduction from 2018. This year saw the beginning of a refresh of key restaurants in the air terminal building including the relocation of Tim Hortons and the construction of a new bar/lounge.

Improvements to YWG airport infrastructure are funded through the collection of airport improvement fees (AIF) from passengers. This fee is collected by the air carriers at the point of sale and remitted to the Company based on the date passengers fly out of Winnipeg. The carriers receive a 6% handling fee.

WAA received $48.9 million in 2019, an increase of $0.1 million over 2018 or 0.2%. This increase correlates to an increase in the percentage of traffic originating from YWG as no AIF is remitted for passengers that connect at YWG. AIF is used to fund certain capital expenditures including related long term debt principal and interest payments.

The Company sub-leases land and building space to tenants on YWG lands under the terms of the Ground Lease. Leasing revenue for land tenants and building tenants was $7.5 million in 2019 which is an increase of 1.5% over 2018 levels. Rental rates in the YWG air terminal building are adjusted annually to reflect actual operating costs, while land rentals are adjusted periodically based on the terms and conditions reflected in each sub-lease.

The Company also operates ancillary business including the provision of safety management system audits and consulting for remote airports, the management of Iqaluit International Airport and services to other airports in British Columbia and Manitoba. Airport Management Contracts revenue increased by $0.6 million to $10.0 million, an increase of 6.6% compared to 2018.

Operating Expenses

Salaries and benefits, as well as services and repairs, comprise the two largest expense categories for the Company, representing over 65% of total operating expenses.

Salaries and benefits costs increased by $0.4 million in 2019. This is an increase of 1.7% compared to 2018 for the following reasons: a negotiated general wage increase for unionized employees, an increase in staffing levels at locations outside of YWG to replace formerly contracted services, and merit increases for other employees. Offsetting these increases, active management of vacancies was used to alleviate the impact of the groundings on revenue as noted earlier.

Services and repairs costs increased in 2019 by $1.2 million, or 5.4%. This increase was primarily driven by increases in information technology costs for support agreements on new software and infrastructure. Facilities maintenance costs were also higher which is expected as the air terminal building starts to age and more scheduled maintenance is required.

Ground lease rent paid to the Government of Canada increased by $0.3 million or 2.7% compared to 2018 to reach a total of $9.7 million. Rent is calculated using a graduated rate formula that increases the percentage rent as increased levels of gross revenue are earned by the Company.

Weather activity drives a significant portion of the Company's supplies expense. Weather incidents cause increases in the use of fuel for airfield mobile equipment as well as safety chemical usage on airfield paving. The costs for 2019 compared to 2018 were 18.7% higher as a result of higher costs to maintain the runways at both YWG and in Iqaluit. The cost of parts for mobile equipment were also higher than in the past due to the aging of the equipment and the need to procure parts from outside of Canada.

Utility costs are comprised of expenses for consumption of natural gas, electricity and water, along with charges for waste water disposal. Warmer weather in the winter season causes increased costs for supplies used on the airfield. Overall utility costs increased by 4.5% in 2019 mostly due to rate increases.

Investments and Financing

Combined available cash, cash equivalents and unrestricted investments totalled $67.8 million at year end compared to $83.0 million at the end of 2018. These investments include short-term notes, municipal bonds, provincial bonds and corporate bonds in a professionally managed portfolio with a Canadian chartered bank. In addition, there are restricted cash balances of $16.2 million held for debt service requirements which is $125 million less than the prior year due to the repayment of an expiring Revenue Bond Series.

Financing of capital investments is accomplished through multiple types of debt. The majority of the Company's debt arises from the issuance of Revenue Bonds. These bonds total $579.7 million compared to $713.0 million at December 31, 2018, a net decrease of $133.3 million. This difference is a result of the repayment of Series C for $125.0 million, plus principal repayments on Series A and D during the fiscal year. The Company also has a loan outstanding with the Manitoba Industrial Opportunity Program for $14.1 million, a reduction through principal payments of $0.7 million from 2018. Specialized airfield mobile equipment is financed through a leasing program with a total outstanding of $1.3 million (2018 - $1.8 million), a decrease of $0.5 million.

Capital Investments

The Company typically undertakes capital investments to meet one of the following key objectives: (a) to comply with regulatory requirements, (b) to expand the capacity or improve the productivity of existing assets, (c) to restore or replace existing assets, (d) to modify existing infrastructure to improve revenue or reduce costs, or (e) add new capacity or businesses beyond existing infrastructure. Total capital investments in 2019 were $60.1 million. This is an increase of $38.9 million compared to 2018. Two large projects were undertaken in 2019: the reconstruction of runway 13-36 including new edge lighting and electrical upgrades, plus the construction of a new common use ground servicing equipment facility which will be open in the spring of 2020.

Cash Flow

The operating activities of the Company generated $40.8 million in 2019 compared to $28.1 million in 2018, mostly as a result of timing differences in working capital

The Company generated $96.8 million of cash to invest $60.1 million into capital investments as noted above. These capital investments were partially funded through the net sale of investments of $18.3 million and the repayment of financing lease receivables of $7.6 million.

Financing activities related to debt reduction used $135.0 million of cash for repayment of Series C revenue bonds of $125.0 million plus additional principal payments of $10.0 million on Series A and D, compared to $9.5 million in 2018.

The ending balance of cash and cash equivalents is an increase of $2.5 million compared to 2018, driven by $40.8 million generated from operating activities and $98.8 million from investing activities which was used for capital investments and debt repayments as noted above.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Year ended December 31, 2019

The accompanying consolidated financial statements of Winnipeg Airports Authority Inc. have been prepared by management and approved by the Board of Directors of Winnipeg Airports Authority Inc.

Management is responsible for the preparation and representations contained in these financial statements and other sections of this Annual Report. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee comprised entirely of independent directors of the Company reviews the financial statements, the adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Board of Directors prior to the approval of the audited financial statements.

Winnipeg Airports Authority Inc. maintains appropriate systems of internal control, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for the preparation of financial statements.

Winnipeg Airports Authority Inc.'s independent auditors, PricewaterhouseCoopers LLP, have been appointed by the Members of the Authority to express their professional opinion on the fairness of these consolidated financial statements.

March 25, 2020

Barry W. Rempel
President and Chief Executive Officer

Catherine J. Kloepfer, FCPA, CGA, FCA
Senior Vice President, Corporate Services and
Chief Financial Officer

Consolidated Financial Statements of

WINNIPEG AIRPORTS AUTHORITY INC.

Year ended December 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Winnipeg Airports Authority Inc.

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Winnipeg Airports Authority Inc. and its subsidiaries, (together, the Company) as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2019;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flow for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT - *CONTINUED*

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 25, 2020

CONSOLIDATED BALANCE SHEET

As at December 31, 2019 (In thousands of Canadian dollars)

	2019	2018
Assets		
Current:		
Cash and Cash Equivalents	$ 39,263	$ 36,717
Accounts Receivable (note 6)	11,211	9,671
Income Taxes Receivable	-	190
Prepaid Expenses	1,762	1,684
Current Portion of Financing Lease Receivable (note 11)	689	713
Inventory	2,692	2,723
Short-Term Investments (note 9)	9,958	6,241
Restricted Cash (note 8)	16,193	144,058
	81,768	201,997
Non-Current:		
Property and Equipment (note 7)	676,098	640,980
Investments (note 9)	18,556	40,023
Investments in Associates (note 10)	2,191	1,949
Financing Lease Receivables (note 11)	18,249	20,998
Contract Assets	1,311	1,229
Deferred Income Tax (note 19)	325	-
Post-Employment Benefits (note 17)	-	3,219
	$ 798,498	$ 910,395
Liabilities and Equity		
Current:		
Accounts Payable and Accrued Liabilities	$ 30,946	$ 19,749
Income Taxes Payable	103	-
Deferred Revenue	1,425	2,007
Current Portion of Long-Term Debt (note 14)	10,351	135,039
	42,825	156,795
Non-Current:		
Deferred Income Tax (note 19)	-	120
Deferred Revenue	2,271	135
Post-Employment Benefits (note 17)	7,764	3,703
Long-Term Debt (note 14)	584,702	594,570
	$ 594,737	$ 598,528
Equity:		
Retained Earnings	183,529	182,033
Accumulated Other Comprehensive Loss (note 18)	(22,593)	(26,961)
	160,936	155,072
	$ 798,498	$ 910,395

Contingencies, Commitments & Guarantees (note 16)
Subsequent Event (note 24)

The accompanying notes are an integral part of these financial statements

B Chell ______________ Director   R W Dronme ______________ Director

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 2019 (In thousands of Canadian dollars)

	2019	2018
Revenue:		
Airport Improvement Fees (note 13)	$ 48,862	$ 48,972
Passenger Processing	25,921	25,308
Airfield	23,274	22,671
Groundside	18,710	18,012
Concessions	4,157	4,187
Leasing	7,474	7,358
Airport Management Contracts	9,793	9,336
Other	1,590	2,592
	139,781	138,436
Operating Expenses:		
Salaries and Benefits	24,107	23,704
Services and Repairs	23,272	22,084
Ground Lease Rent (note 11)	9,730	9,471
Supplies	5,512	4,645
Utilities	2,703	2,586
Property Taxes, Insurance and Other	7,390	7,578
Depreciation	30,503	30,055
	$ 103,216	$ 100,123
Income before Net Finance Expense and Income Taxes	36,565	38,313
Share of Profit of Associates (note 10)	(220)	(54)
Loss on Disposal of Property and Equipment	180	43
Net Finance Expense (note 14)	32,894	32,329
Net Income Before Income Tax	3,711	5,995
Income Tax Expense (Recovery) of Subsidiaries:		
Current	640	455
Deferred (note 19)	(378)	(12)
	262	443
Net Income	$ 3,449	$ 5,552

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2019 (In thousands of Canadian dollars)

	2019	2018
Net Income	$ 3,449	$ 5,552
Other Comprehensive Income:		
Items Subsequently Reclassified to Profit or Loss		
Recognition of Loss on Previously Settled Cash Flow Hedges	3,447	2,772
Unrealized Gain (Loss) on Investments	571	(406)
Realized Loss on Investments	350	78
Items that will not be Reclassified to Profit or Loss		
Employee Benefit Plan Re-Measurements (note 17)	(6,774)	3,234
Comprehensive Income (Loss)	$ 1,043	$ 11,230

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2019 (In thousands of Canadian dollars)

	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
Balance – January 1, 2018	$ (29,405)	$ 173,247	$ 143,842
Net Income	-	5,552	5,552
Other Comprehensive Income			
Unrealized Loss on Investments	(406)	-	(406)
Realized Loss on Investments	78	-	78
Employee Benefit Plan Re-Measurements	-	3,234	3,234
Recognition of Loss on Previously Settled Cash Flow Hedges	2,772	-	2,772
Balance - December 31, 2018 as previously stated	$ (26,961)	$ 182,033	$ 155,072
Restatement - IFRS 16 (note 3)	-	4,821	4,821
Balance – January 1, 2019 restated	$ (26,961)	$ 186,854	$ 159,893
Net Income	-	3,449	3,449
Other Comprehensive Income			
Unrealized Gain on Investments	571	-	571
Realized Loss on Investments	350	-	350
Employee Benefit Plan Re-Measurements	-	(6,774)	(6,774)
Recognition of Loss on Previously Settled Cash Flow Hedges	3,447	-	3,447
Balance – December 31, 2019	$ (22,593)	$ 183,529	$ 160,936

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOW

Year ended December 31, 2019 (In thousands of Canadian dollars)

	2019	2018
Operating Activities:		
Net Income	$ 3,449	$ 5,552
Adjustments for:		
Depreciation	30,503	30,055
Loss on Disposal of Property and Equipment	145	43
Deferred Income Taxes	(445)	45
Non-Cash Interest Expense (note 14)	3,930	3,020
Post-Employment Benefit Expense in Excess of Funding	506	1,034
Realized Loss on Investments	350	78
Share of Profit of Associates	(220)	(54)
Change in Non-Cash Operating Working Capital	2,548	(11,668)
	40,766	28,105
Investing Activities:		
Additions to Property and Equipment	(60,131)	(21,187)
Proceeds from Property and Equipment	3,192	1,526
Decrease in Investments	18,321	6,446
Decrease in Financing Lease Receivable	7,594	710
Decrease in Restricted Cash	127,865	686
Investment in Associates	(50)	-
Dividends received from Associates	28	507
	96,819	(11,312)
Financing Activities:		
Proceeds from Long-Term Debt, net of Financing Costs	-	1,119
Repayment of Long-Term Debt	(135,039)	(9,479)
	(135,039)	(8,360)
Increase in Cash and Cash Equivalents	2,546	8,433
Cash and Cash Equivalents, Beginning of Year	36,717	28,284
Cash and Cash Equivalents, End of Year	$ 39,263	$ 36,717
Cash and Cash Equivalents:		
Cash on Account	$ 15,604	$ 22,307
Cash Equivalents	23,659	14,410
Interest Paid	33,714	30,415
Interest Received	3,924	4,052

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements of

WINNIPEG AIRPORTS AUTHORITY INC.

Year ended December 31, 2019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Incorporation and Mandate:

Winnipeg Airports Authority Inc. (the "Company") is incorporated under the Canada Not-for-Profit Corporations Act. The address of the Company and its principal place of business is 249 – 2000 Wellington Avenue, Winnipeg, Manitoba, Canada R3H 1C2.

The Company operates the Winnipeg James Armstrong Richardson International Airport (the "Winnipeg Airport"), under a long-term lease with the Government of Canada for the benefit of the community (the "Ground Lease").

The Company is governed by a fifteen member Board of Directors of whom eleven members are nominated by the City of Winnipeg, the Rural Municipality of Rosser, Economic Development Winnipeg, the Winnipeg Chamber of Commerce, The Assiniboia Chamber of Commerce and the Federal and Provincial governments, with the remaining members appointed by the Board from the community at large.

The Company has the following wholly owned for-profit subsidiaries:

Airport City Winnipeg Ltd. (ACW) provides property development services at the Winnipeg Airport.

Nunavut Airport Services Ltd. (NASL) provides operations, maintenance services, and lifecycle rehabilitation of the Iqaluit International Airport under an agreement that terminates in December 31, 2047.

Winnipeg Airport Services Corp. (WASCO) provides airport operations, management, facility maintenance and technical services to Canadian airports.

WASCO North Ltd. provides airport safety management systems services to airports in Nunavut.

YWG Inc. provides airport management services at the Winnipeg Airport.

2. Basis of Presentation:

The Company prepares its annual consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Chartered Professional Accountants Canada Handbook – Accounting (CPA Handbook) which incorporates International Financial Reporting Standards (IFRS). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 25, 2020, the date the Board of Directors approved the statements.

There are no IFRS that are effective for the first time on or after January 1, 2020 that would have a material impact to the Company.

3. Changes in Accounting Policies:

IFRS 16 – Leases, eliminates the dual accounting model for lessees such that most operating leases will be recorded on the balance sheet. This will impact the timing of recognition and nature of expenses associated with the lease agreements.

The Company adopted IFRS 16 using the modified retrospective approach on January 1, 2019, whereby the cumulative effect of initially applying the standard is recognized as an adjustment to the opening balance of equity at January 1, 2019, and comparative information continues to be reported under IAS 17. The Company applied the transition relief whereby it is not required to reassess and reflect in the prior periods whether a contract is, or contains, a lease at the date of initial application. The Company has elected to apply the recognition exemptions to certain short-term leases. The Company assessed the impact of IFRS 16 on the Ground Lease (note 11) and determined that no change in reporting is required due to the variable calculation of the rental formula.

The Company acts as a lessor for certain subleases. From the perspective of a lessor, a sublease is assessed as operating or finance based on the characteristics of the right-of-use asset being subleased, rather than the characteristics of the underlying lease.

The impact of this adoption on January 1, 2019 was an increase to Retained Earnings and to Finance Lease Receivable of $4,821. The adjustment reflects the recognition of a sublease of the Ground Lease as a finance lease, where previously it had been accounted for as an operating lease. The Finance Lease Receivable represents the present value of future fixed lease payments as at January 1, 2019.

4. Significant Accounting Policies:

The significant accounting policies used in the preparation of the consolidated financial statements are described below:

(a) Basis of Measurement:

These consolidated financial statements are prepared using the historical cost method, except for certain financial instruments measured at fair value, including investments.

(b) Principles of Consolidation:

The financial statements include the accounts of the Company and its wholly-owned subsidiaries and a portion of the results of joint arrangements (note 4[l]).

All inter-company balances and transactions have been eliminated on consolidation.

(c) Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(d) Restricted Cash:

Restricted cash represents funds held by financial institutions relating to debt service reserves.

(e) Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first in first out method for all inventory categories.

During the year, the Company changed the costing method of replacement part inventory from the average cost method to the first in, first out, which resulted in an immaterial adjustment to the financial statements.

(f) Leases:

IFRS 16 - Effective January 1, 2019

Company as a Lessee:

Leases are recognized as a right of use asset and corresponding liability at the date of which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- The exercise price of a purchase or extension option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Variable lease payments that are not based on an index or rate, such as those that are based on usage, have been excluded from the asset and liability and will continue to be recorded as incurred. Each lease payment is allocated between the liability and interest expense. The interest cost is charged to the consolidated statement of operations over the lease period to produce a constant rate of interest on the remaining balance of the liability for each period.

Right of use assets are accounted for under IAS 16 Property, Plant and Equipment. Right of use assets have the same accounting policies as directly owned assets, meaning the right of use assets are componentized and depreciated over the lease term, as applicable.

Ground Lease

Annual operating lease payments under the Ground Lease (note 11) are variable as they are calculated based on revenues of the Company as defined in the lease agreement, and are recognized as an expense in the year in which they are incurred.

Company as a lessor:

Subleases are classified by the lessor as operating or financing by comparing the characteristics of the sublease to the right of use asset resulting from the head lease. In circumstances where the head lease is accounted for as an operating lease, upon inception of the sublease, a financing lease receivable equal to the present value of all future lease payments under the sublease is recorded with the offset recognized in the statement of operations.

Income related to direct financing leases is recognized in a manner that produces a constant rate of return on the investment in the leases. The lease receivables are comprised of net minimum lease payments less unearned finance income.

For all other leases, leasing revenue is recognized straight-line over the duration of the respective agreements. The Company recognizes contingent rent receivable based on the year in which it is incurred.

IAS 17 - Prior to January 1, 2019:

Company as a Lessee:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases, including the Ground Lease.

Assets held under finance leases are initially recognized as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included on the balance sheet as a finance lease obligation.

Finance lease payments are apportioned between financing costs and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Financing costs are recognized immediately in the statement of operations, unless they are directly attributable to qualifying assets, in which case they are capitalized.

(g) Property and Equipment:

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Property and equipment include items such as improvements to leased land, runways, building and roadways. These assets will revert to Transport Canada upon the expiration or termination of the Ground Lease (note 11). No amounts are amortized longer than the lease term.

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates each part separately. Residual values, the method of depreciation and estimated useful lives of the assets are reviewed annually and adjusted if appropriate. Property and equipment are depreciated on a straight-line basis as follows:

Assets	Term
Civil Infrastructure	10 to 40 years
Buildings and Other Structures	10 to 40 years
Vehicles, Machinery and Equipment	5 to 20 years
Technology	3 to 10 years
Artwork	not depreciated

Assets under construction are not depreciated and are transferred to property and equipment when the asset is available for use.

Normal repairs and maintenance are expensed as incurred. Expenditures constituting enhancements to the assets by way of change in capacity or extension of useful lives are capitalized.

(h) Contract Assets:

The Company has contract assets related to a certain fixed-price stand-ready contracts with customers whereby the amount of revenue recognized to date has exceeded the payments required (note 4[m]). The performance obligations within the contracts will be achieved over the term of the contracts.

(i) Deferred Revenue:

Deferred Revenue is related to a long-term contract in one of the subsidiaries (note 4[n]). Receipts received in advance of assets purchased are held in deferred revenue and are recognized as revenue over the life of the underlying asset based on the expected total contract profit margin.

(j) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in financing costs in the period in which they are incurred.

(k) Investment in Associates:

The Company uses the equity method of accounting for investments in associates over which it has significant influence. The original investment in associates is initially recorded at cost, and is subsequently increased or decreased to account for the Company's share of comprehensive income or loss of the investee company and is reduced by dividends received.

The Company holds investments in associates for which it does not have significant influence. These investments are recorded at amortized cost. Dividends received from these investments are recorded directly through the statement of operations.

(l) Joint Arrangements:

Joint arrangements are assessed at the inception of the agreement based on the structure as well as the legal and contractual terms. Where the arrangement meets the definition of a joint operation, the Company recognizes its share of asssets and liabilities of the joint operation period. Where the arrangement meets the definition of a joint venture, the equity method of accounting is used.

(m) Impairment:

Property and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, and written down to the net recoverable amount. The loss is charged to the consolidated statement of operations.

The Company assesses at each balance sheet date whether there is any objective evidence that its investments in associates are impaired. If so, the carrying value of the Company's share of the underlying assets of associates is written down to its net recoverable amount and the loss is charged to the consolidated statement of operations.

(n) Revenue Recognition:

Revenue from providing services is recognized over time in the accounting period in which the services are rendered.

The Company's principal sources of revenues are comprised of revenue from the rendering of aeronautical activities, commercial activities, airport improvement fees, real estate and other activities.

Airfield, passenger processing and groundside revenue are recognized as airport facilities are used. Airport improvement fees are accrued based on the enplanement of passengers. Concession revenue is earned on a monthly basis and is recognized based on a percentage of sales or specified minimum annual guarantees. Leasing revenue is recognized over the duration of the respective lease agreements.

In the case of fixed-price stand-ready contracts, the customer pays the fixed amount based on a payment schedule. Revenues from these contracts are recognized on a straight-line basis over the contract period as this depicts the Company's progress towards completion in satisfying the performance obligation. If the amount of revenue recognized to date exceeds the payments required, a contract asset is recognized. If the payments received to date exceed the revenue recognized, a contract liability is recognized.

The Company has entered into several airport management contracts. Certain management contract revenue is recognized as services are rendered. For airport management contracts which have several components revenue is recognized as the service obligation is performed. Revenue recognized related to services from such contracts are recognized as the services are rendered based on the total expected contract profit margin. Revenue related to lifecycle payments for assets where the Company takes ownership are recognized into revenue over the useful life of the asset purchased, with a margin determined based on the total expected contract profit margin.

Revenue related to lifecycle payments for assets purchased on behalf of the contracting party are recognized into revenue when the asset is purchased, with the cost of the asset being expensed based on the total expected contract profit margin.

(o) Post-Employment Benefit Obligations:

The Company sponsors defined benefit pension plans, defined contribution pension plans and other post-employment benefit plans on behalf of its employees.

The cost of defined benefit pension plans, other post-retirement and post-employment benefits earned by employees is actuarially determined annually as at December 31. The cost is determined using the projected unit credit method and assumptions including market interest rates, salary escalation, retirement ages of employees, mortality rates, and health care costs. Past service costs are recognized immediately in income.

Gains and losses on curtailments or settlements are recognized in the period in which the curtailment or settlement occurs.

Net actuarial gains and losses are recognized immediately in other comprehensive income (loss) without subsequent reclassification to income. The current service cost and recognized element of any past service cost of employee benefits expense is recorded in salaries and benefits.

Certain of the Company's pension plans are subject to minimum funding requirements. The liability in respect of minimum funding requirements is determined using the projected minimum funding requirements, based on management's best estimates of the actuarially determined funded status of the plan, market discount rates and salary escalation estimates. The liability, if any, in respect of the minimum funding requirement and any subsequent re-measurement of that liability are recognized immediately in other comprehensive income (loss) without subsequent reclassification to income.

The amount recognized in the balance sheet at each year end reporting date represents the present value of the defined benefit obligation reduced by the fair value of plan assets.

Any recognized asset or surplus is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded.

Contributions to the Company's defined contribution pension plan are expensed as incurred.

(p) Financial Instruments:

Initial Recognition and Measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, which results in an accounting loss being recognized in profit or loss when an asset is recognized.

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets for debt instruments depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

The Company's cash and cash equivalents, restricted cash, accounts receivable, financing lease receivable and contract assets are classified as financial assets at amortized cost. Accounts payable and accrued liabilities and long-term debt are classified as financial liabilities at amortized cost. Investments in short-term notes and bonds have been classified as financial assets at fair value through other comprehensive income.

Financial assets at amortized cost

Financial assets at amortized cost are debt instruments that are held for collection of contractual cash flows when those cash flows represent solely payments of principal and interest.

Financial assets at amortized cost are initially recorded at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset and are subsequently measured at amortized cost using the effective interest method. Interest income from these financial assets is included in the statement of operations.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially recorded at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost using the effective interest method. Interest expense from these financial liabilities is included in the statement of operations.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise debt instruments, that have been acquired for the purpose of both collecting contractual cash flows and selling the specified assets. The financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, with any subsequent changes in fair value recognized through other comprehensive income. Interest income (calculated using the effective interest rate method), and impairment gains or losses are recognized directly in profit or loss. Upon derecognition, changes in fair value accumulated in equity through other comprehensive income are reclassified to profit or loss.

Impairment

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at each balance sheet date. The Company assesses all information available, including on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortized cost and FVOCI.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The Company applies the simplified approach of the ECL model to recognize lifetime ECL for accounts receivable. The Company's investment in debt instruments at FVOCI is considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months expected losses.

An impairment loss is recognized in the statement of operations in accordance with the policy outlined in note 4(m).

Derecognition

Financial assets are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either the Company has transferred substantially all of the risk and rewards of ownership or the Company neither transfers nor retains substantially all the risk and rewards of ownership and the Company has not retained control. Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Fair Value

All financial instruments measured at fair value are classified according to the following hierarchy:

- Level 1: valuation based on quoted prices in active markets for identical assets or liabilities obtained from the investment custodian, investment managers or dealer markets
- Level 2: valuation techniques with significant observable market parameters including quoted prices for assets in markets that are considered less active
- Level 3: valuation techniques with significant unobservable market parameters

(q) Income Taxes:

The Company is exempt from income taxes. Subsidiaries are taxable corporations and follow the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized based on expected future tax consequences of differences between the carrying amount of the balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(r) Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is managements' best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to settle the Company's present obligation.

Provisions for litigation and claims are recognized in cases where legal actions, proceedings and other claims are pending or may be instituted or asserted in the future against the Company which are a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required for the settlement and a reliable estimate of the obligation amount can be made.

5. Critical Accounting Judgments and Estimates:

In applying the Company's accounting policies (note 4) management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

(a) Depreciation of Property and Equipment:

Critical judgments are utilized in determining depreciation rates and useful lives of property and equipment. Depreciation is calculated to write off the cost, less estimated residual value, of property and equipment on a straight-line basis over expected useful lives. Estimates of residual value and useful lives are based on data and information from various sources including vendors, industry practice and Company-specific history.

A change in any of the significant assumptions or estimates could result in a material change in the depreciation amount.

(b) Provisions:

The determination of a provision is based on the best available information and is subject to change based on new information. Provisions, if required, take into account the relevant facts and circumstances of each matter and the consideration of any legal advice obtained.

(c) Post-Employment Benefit Obligations:

The Company accounts for pension and other post-employment benefits in accordance with actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events.

These factors include key actuarial assumptions including discount rates, expected salary increases and mortality rates. Actual results may differ from results which are estimated based on assumptions.

(d) Leases:

The Company accounts for its Ground Lease (note 11) as an operating lease. In consideration of the terms of the lease, the Company has concluded that a right-of-use asset and related lease liability should not be recognized due to the variable nature of the rental formula.

6. Accounts Receivable:

	2019	2018
Trade Accounts	$ 11,532	$ 10,014
Other Receivables	138	143
	11,670	10,157
Provision for Doubtful Accounts	(459)	(486)
Total Accounts Receivable	$ 11,211	$ 9,671

Accounts receivable of $911 (2018 - $908) were considered past due but not impaired. These amounts relate to customers with no recent history of default.

7. Property and Equipment:

	Vehicles Machinery & Equipment	Technology	Buildings & Other Structures	Civil Infrastructure	Artwork	Construction in Progress	2019 Total
Gross Value							
Balance, January 1, 2019	$ 58,157	$ 31,905	$ 565,463	$ 217,591	$ 1,282	$ 6,146	$ 880,544
Additions	2,161	6,239	960	782	-	58,816	68,958
Transfers	-	-	1,076	20,221	-	(21,297)	-
Disposals and other adjustments	(257)	-	(3,185)	-	-	-	(3,442)
At December 31, 2019	$ 60,061	$ 38,144	$ 564,314	$ 238,594	$ 1,282	$ 43,665	$ 946,060
Accumulated Depreciation							
Balance, January 1, 2019	$ 28,057	$ 24,806	$ 113,048	$ 73,653	$ -	$ -	$ 239,564
Depreciation	2,730	1,349	15,554	10,870	-	-	30,503
Disposals and other adjustments	(105)	-	-	-	-	-	(105)
At December 31, 2019	$ 30,682	$ 26,155	$ 128,602	$ 84,523	$ -	$ -	$ 269,962
Net Value at							
December 31, 2019	$ 29,379	$ 11,989	$ 435,712	$ 154,071	$ 1,282	$ 43,665	$ 676,098

	Vehicles Machinery & Equipment	Technology	Buildings & Other Structures	Civil Infrastructure	Artwork	Construction in Progress	2018 Total
Gross Value							
Balance, January 1, 2018	$ 55,978	$ 26,506	$ 563,425	$ 210,217	$ 1,268	$ 865	$ 859,259
Additions	1,366	-	-	-	14	21,567	22,947
Transfers	-	5,399	3,513	7,374	-	(16,286)	-
Disposals and other adjustments	(187)	-	(1,475)	-	-	-	(1,662)
At December 31, 2018	$ 58,157	$ 31,905	$ 565,463	$ 217,591	$ 1,282	$ 6,146	$ 880,544
Accumulated Depreciation							
Balance, January 1, 2018	$ 25,786	$ 23,355	$ 97,669	$ 62,792	$ -	$ -	$ 209,602
Depreciation	2,364	1,451	15,379	10,861	-	-	30,055
Disposals and other adjustments	(93)	-	-	-	-	-	(93)
At December 31, 2018	$ 28,057	$ 24,806	$ 113,048	$ 73,653	$ -	$ -	$ 239,564
Net Value at							
December 31, 2018	$ 30,100	$ 7,099	$ 452,415	$ 143,938	$ 1,282	$ 6,146	$ 640,980

8. Restricted Cash:

		2019		2018
Debt Service Reserve	$	16,193	$	19,058
Registered Deposit Note held in Trust		-		125,000
Total Restricted Cash	$	16,193	$	144,058

Under the terms of a Master Trust Indenture, the Company is required to maintain a debt service reserve to cover principal and interest payments to be made on the long term bonds (note 14 [a]). Proceeds from the issuance of Revenue Bonds Series F were held in trust, earning floating rate interest, until the maturity of Revenue Bonds Series C on November 20, 2019.

9. Investments:

		2019		2018
Short-Term Notes	$	6,941	$	5,225
Provincial & Municipal Bonds		6,490		8,173
Corporate Bonds		14,925		32,570
Accrued Income		158		296
Total Investments	$	28,514	$	46,264
Less: Short-Term Investments		9,958		6,241
Total Investments		18,556		40,023

Coupon rates on investments range from 1.5% to 9.6% and have terms to maturity ranging from 2020 to 2025.

10. Investments in Associates:

		2019		2018
Investment in affiliated companies:				
Cost accounted investments	$	50	$	-
Equity accounted investments		1,573		1,381
Preference shares		568		568
	$	2,191	$	1,949

Preference shares of SRG Security Resource Group Inc. have a 5% per annum cumulative dividend rate calculated on the issue price of the 568,092 preference shares of $568. The Company holds a put option to require the affiliated company to purchase the shares which is exercisable at any time.

The option expires and terminates upon the date of completion of an initial public offering of the shares of the affiliated company. The price to be paid for the common shares is generally equal to the fair market value at that time. The price to be paid for the preference shares is equal to the redemption value of one dollar per share.

Name of Entity	Principal Activity	Place of Incorporation	Ownership %
SRG Security Resource Group Inc.	Security Services	Canada	35%
Winnipeg Airport Lands Corp.	Land Development	Canada	50%
Churchill Transportation Inc.	Airport Operations	Canada	50%

Summarized financial information in respect of these associates is set out below:

	2019	2018
Financial Position:		
Total Assets	$ 5,737	$ 4,618
Total Liabilities	2,005	1,555
Company's Share of Associates' Net Assets	1,874	1,640
Financial Performance:		
Total Sales and Other Revenues	17,825	15,590
Total Profit for the Year	697	140

During the year, the Company received $27 in return on capital and $27 in dividends (2018 - $27 in dividends and $480 in return of capital).

11. Leases:

Company as a Lessee:

The Winnipeg Airport lands are rented under a long-term lease entered into on December 31, 1996 with Transport Canada (Ground Lease). The lease is for a term of 80 years and can be terminated only in the event of default. The lease is on an "absolute net" basis allowing the Company peaceful possession of the leased premises.

The rent relating to this lease is calculated by formula based on revenues of the Company as defined in the lease.

Estimated Ground Lease rent payments as at December 31, 2019 for the next five years is approximately as follows:

2020	**$ 9,800**
2021	11,751
2022	12,243
2023	12,753
2024	13,320

The Company has entered into certain leases that result in the recognition of a right-of-use asset and lease liability, which are described in note 14. The net book value of those assets included in property and equipment and associated with a lease liability is $1,731 (2018 - $2,517).

Company as a Lessee:

The Company leases out, under operating leases and subleases, land and certain assets that are included in property and equipment. Many leases include renewal options and are subject to market price revision. The lessee does not have the possibility to acquire the leased assets at the end of the lease.

The estimated lease revenue as at December 31, 2019 for the next five years is approximately as follows:

2020	**$ 8,682**
2021	8,855
2022	9,032
2023	9,213
2024	9,397

Finance Leases:

The Company's net investment in financing leases is:

		2019		2018
Total Minimum Lease Payments Receivable	$	27,695	$	44,321
Unearned Interest Income		8,757		22,610
		18,938		21,711
Current Portion		689		713
Long Term Portion of Financing Lease Receivable	$	18,249	$	20,998

12. Investments in Joint Operations:

The Company has entered into a joint arrangement to provide operational services at the Winnipeg Airport. The arrangement meets the definition of a joint operation and is accounted for by recording the Company's share of assets and liabilities. The intergroup profit has been eliminated and 50% of the remaining operational results are consolidated, as follows:

		2019		2018
Financial Position:				
Total Assets	$	439	$	522
Total Liabilities		454		424
Financial Performance:				
Total Sales and Other Revenues		1,984		1,694
Total Expenses		1,656		1,398

13. Airport Improvement Fees:

The Company charges Airport Improvement Fees (AIF) per local boarded passenger through an agreement with the Air Transport Association of Canada and major air carriers serving the Winnipeg Airport. AIF revenue is collected by the airlines, at a handling fee of 6%, for the benefit of the Company. AIF revenues are used to pay for airport infrastructure development and related financing costs as jointly agreed with air carriers operating at the Winnipeg Airport.

14. Long-Term Debt:

		2019		2018
Revenue bonds series A, 5.205%, due September 28, 2040, semi-annual blended principal and interest payments of $8,221 payable March 28 and September 28 of each year until maturity	$	206,817	$	212,090
Revenue bonds series C, 4.569%, due November 20, 2019, interest payable semi-annually on May 20 and November 20 of each year until maturity		-		124,805
Revenue bonds series D, 6.102%, due November 20, 2040, semi-annual blended principal and interest Payments of $6,393 payable on May 20 and November 20 of each year until maturity		148,960		152,353
Revenue bonds series E, 3.039%, due April 13, 2023, interest payable semi-annually on April 14 and October 14 of each year until maturity		99,770		99,687
Revenue bonds series F, 3.659%, due September 30, 2047, interest payable semi-annually on March 30 and September 30 of each year until maturity		124,113		124,081
Manitoba Industrial Opportunity Program		14,130		14,802
Lease Liability		1,263		1,791
		595,053		729,609
Current Portion		10,351		135,039
Long Term Portion of Debt	$	584,702	$	594,570

(a) Revenue Bonds:

The revenue bonds are direct obligations of the Company ranking pari passu with all other indebtedness issued under a Master Trust Indenture (MTI). All indebtedness, including indebtedness under bank credit facilities, are secured under the MTI by assignment of revenue and related accounts receivable, a security interest in the debt service reserve and certain accounts of the Company, and an unregistered mortgage of the Company's leasehold interest in the Winnipeg Airport.

Under the terms of the MTI, the Company is required to establish and maintain with a trustee a debt service reserve with a balance equal to at least 50 percent of annual debt service costs. These trust funds, which total approximately $16 million in cash (note 8), plus a letter of credit of $2.3 million, are held for the benefit of the bond holders in accordance with the terms of the MTI. In addition the Company is required to maintain an operating and maintenance reserve of approximately $15.2 million. The operating and maintenance reserve is satisfied by availability under a committed credit facility (note 15).

(b) Finance Lease Obligation:

The Company leases certain equipment with effective interest rates ranging from 2.82 % to 3.08 % over varying terms ending in 2023.

(c) Manitoba Industrial Opportunity Program Loan:

The loan is secured, and repayable to the Province of Manitoba in equal monthly installments until December 2040, at 5.88 % interest.

(d) The future annual principal and interest payments of long-term debt for the next five years are as follows:

	Principal	Interest
2020	$ 10,351	$ 28,260
2021	10,887	27,677
2022	11,454	27,066
2023	111,882	26,423
2024	12,299	25,756

(e) Net Financing Expense:

	2019	2018
Revenue Bond Interest	$ 36,778	$ 37,304
Other Interest and Financing Costs	242	1,055
Interest Income	(4,126)	(6,030)
	$ 32,894	$ 32,329

Revenue bond interest includes non-cash interest of $3,930 (2018 - $3,020) due to the amortization of deferred financing costs and settled cash flow hedges.

15. Credit Facilities:

The Company has authorized credit facilities of $100 million with a Canadian chartered bank. These facilities are secured under the Master Trust Indenture (note 14). They are available by way of overdraft, prime rate loans, or bankers' acceptances.

	2019	2018
Unsecured Bank Operating Line	$ 100,000	$ 100,000
Reductions to Available Balance:		
Outstanding Letters of Credit	(12,120)	(10,792)
Allocation to Operating and Maintenance Reserve (note 14)	(15,186)	(14,674)
Available Unsecured Bank Operating Line	$ 72,694	$ 74,534

16. Contingencies, Commitments and Guarantees:

(a) Contingencies:

The Company is involved in various claims and litigation arising in the ordinary course and conduct of business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to such litigation to be material to these financial statements.

(b) Subsidiary Guarantee:

The Company guarantees the operational performance of its subsidiary NASL, up to a maximum of $18.8 million partially secured by a letter of credit of $4.8 million (2018 – $4.7 million). This is a long term contract with 28 years remaining, and includes specific price indexing parameters. The contract is to provide airport operations, maintenance services and lifecycle rehabilitation to Iqaluit International Airport.

(c) Director and Officer Indemnity:

The Company has agreed to indemnify its directors and officers to the extent permitted by law against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by them as a result of any lawsuit or any other judicial administrative or investigative proceeding in which they are sued as a result of their service as long as they have acted honestly and in good faith. These indemnification claims will be subject to any statutory or other legal limitation period.

17. Post-Employment Benefit Plans:

The Company sponsors defined benefit pension plans and other post-employment benefit plans on behalf of its employees. The plans provide benefits to members in the form of a guaranteed level of pension payable for life. All of the plans have similar risk characteristics and operate under the same regulatory framework. The level of benefit payable depends on members' length of service and their salary in the final years leading up to retirement.

The responsibility for the governance of the plans lies with the Company, including overseeing contribution schedules and investment decisions. The plan assets are held in trust and governed by federal regulation. The Company has a pension committee to assist in the management of the plans.

Information for the post-employment benefit plans, based on the latest actuarial reports, measured as of December 31 is as follows:

	Defined Benefit Pension Plans		Post- Employment Plans	
	2019	2018	2019	2018
Change in Defined Benefit Obligation:				
Balance, Beginning of Year	$ 71,510	$ 76,779	$ 3,703	$ 3,771
Current Service Cost	1,872	2,158	132	142
Employee Contributions	300	304	-	-
Interest Cost	2,733	2,626	144	131
Re-Measurements:				
Loss (Gain) recognized from Changes in Economic Assumptions	10,992	(5,160)	1,107	(307)
Loss (Gain) recognized from Experience	1,048	(1,704)	(13)	-
Gain recognized from Changes in Demographic Assumptions	(140)	-	-	-
Benefits Paid	(2,890)	(3,493)	(38)	(34)
Balance, End of Year	$ 85,425	$ 71,510	$ 5,035	$ 3,703
Change in Fair Value of Plan Assets:				
Fair Value, Beginning of Year	$ 74,729	$ 77,866	$ -	$ -
Interest Income	2,894	2,694	-	-
Re-Measurements:				
Return on Plan Assets, excluding any amounts included in Interest Income	6,220	(3,937)	-	-
Contributions:				
Employer	1,519	1,404	-	-
Plan Participants	300	304	-	-
Benefits Paid	(2,890)	(3,493)	-	-
Administrative Expenses	(76)	(109)	-	-
Fair value, End of Year	$ 82,696	$ 74,729	$ -	$ -
Funded Status:				
Plan Surplus (Deficit)	$ (2,729)	$ 3,219	$ (5,035)	$ (3,703)
Accrued Asset (Liability)	$ (2,729)	$ 3,219	$ (5,035)	$ (3,703)

The Company's net benefit plan (income) expense is as follows:

	Defined Benefit Pension Plans				Post-Employment Plans			
		2019		2018		2019		2018
Net Benefit Plan Cost:								
Current Service Cost	$	1,872	$	2,158	$	132	$	142
Net Finance Expense relating to Employee Benefits		(161)		(68)		144		131
Administrative Expenses		76		109		-		-
Net Benefit Plan Expense Recognized	$	1,787	$	2,199	$	276	$	273
Actual Return (Loss) on Plan Assets	$	9,114	$	(1,243)	$	-	$	-
Amounts Recognized in Other Comprehensive Income (Loss):								
Re-Measurements	$	(5,680)	$	2,927	$	(1,094)	$	307
Cumulative Re-Measurements Recognized in Other Comprehensive Income (Loss):								
Cumulative Amount, Beginning of Year	$	6,319	$	3,392	$	(1,514)	$	(1,821)
Recognized		(5,680)		2,927		(1,094)		307
Cumulative Amount, End of Year	$	639	$	6,319	$	(2,608)	$	(1,514)

The significant weighted average assumptions used are as follows:

	2019	2018
Defined Benefit Obligation:		
Discount Rate	3.1%	3.9%
Long-Term Average Rate of Compensation Increase	3.0%	3.0%
Long-Term Average Rate of Health Benefit Cost Increase		
Initial Trend Rate	7.5%	6.9%
Annual Decrease	0.3%	0.4%
Ultimate Trend Rate	4.5%	4.5%
Year of Ultimate Trend Rate	2031	2024
Benefit Costs:		
Discount Rate	3.9%	3.5%
Long-Term Average Rate of Compensation Increase	3.0%	3.0%

The sensitivity of the defined benefit obligation (DBO) to changes in assumptions is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

		Impact on Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount Rate	1.00%	$ (14,334)	$ 18,909
Salary Growth Rate	1.00%	$ 2,430	$ (2,258)
Life Expectancy	1 year	$ 2,811	$ (2,815)

Each sensitivity analysis is based on changing one assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the DBO to variations in actuarial assumptions, the same method has been applied as for calculating the liability recognized

The plans' assets consist of the following asset mix:

	2019	2018
Equity Funds	48%	53%
Debt and Mortgage Funds	44%	40%
Real Estate Funds	8%	7%

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility: The plans' liabilities are calculated using a discount rate set with reference to corporate bond yields; if the plans' assets underperform this yield, this may create a deficit.

Changes in Bond Yield: A change in corporate bond yields will increase or decrease plan liabilities, although this will be partially offset by an opposite change in the value of the plans' bond holdings.

Inflation Risk: The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plans' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit, or reduce the surplus.

Life Expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The investment positions are managed within an asset-liability matching that has been developed to achieve long-term investments that are in line with obligations under the pension plans. The Company monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. Investments are diversified such that the failure of any single investment would not have a material impact on the overall level of assets.

The effective date of the most recent actuarial valuation for funding purposes was December 31, 2018 for all plans and the next required valuation will be as of December 31, 2019. Based on most recent actuarial valuations, the Company has provided a letter of credit in the amount of $5 million to satisfy funding requirements for the defined benefit pension plans and will not be contributing cash to the other post-employment plans.

Contributions to the defined contribution pension plan were $361 during the year (2018 - $189).

18. Accumulated Other Comprehensive Income (Loss):

Accumulated other comprehensive income (loss) (AOCI) includes the recognized loss on previously settled cash flow hedges related to Series A, C and D, and unrealized changes in fair value of investments. The components of AOCI are as follows:

		2019		2018
Recognized Loss on Previously Settled Cash Flow Hedges	$	(22,583)	$	(26,030)
Unrealized Loss in Fair Value of Investments		(10)		(931)
	$	(22,593)	$	(26,961)

19. Income Taxes:

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory rates of 27% (2018 - 27%) to the earnings before income taxes. The reasons for the differences and related tax effects are as follows:

		2019		2018
Income before Income Taxes	$	3,711	$	5,995
Expected provision for income taxes at the statutory rate		1,002		1,619
Increase (decrease) in taxes resulting from:				
Tax Effect of Not-For-Profit Earnings		(712)		(1,169)
Impact of Tax Rate on Investment Income		(34)		(11)
Tax Effect of Non-Deductible Expenses		7		3
Other		(1)		1
	$	262	$	443

20. Financial Instruments:

Fair Value:

The fair value of cash and cash equivalents, restricted cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities approximates their carrying value due to their relatively short term to maturity. The fair value of other financial instruments is as follows:

	2019	2018	Level
Assets			
Investments			
Short-Term Notes	$ 5,756	$ 3,186	Level 2
Short-Term Notes	1,343	2,335	Level 1
Provincial/Municipal Bonds	6,490	8,173	Level 1
Corporate Bonds	14,925	32,570	Level 1
Liabilities			
Revenue Bonds Series A	255,559	248,756	Level 2
Revenue Bonds Series C	-	128,017	Level 2
Revenue Bonds Series D	199,689	191,850	Level 2
Revenue Bonds Series E	102,936	101,756	Level 2
Revenue Bonds Series F	139,517	126,544	Level 2
Manitoba Industrial Opportunity Program Loan	13,201	13,489	Level 2

The fair value of the Revenue Bonds and Manitoba Industrial Opportunity Program loan is determined through current market rate yield calculations. The fair value of investments in short-term notes and bonds are based on current market yields and traded values in the market.

Risk Management:

The Company is exposed to a number of risks as a result of the financial instruments on its balance sheet that can affect its operating performance. These risks include liquidity risk, credit risk, interest rate risk and concentration risk. The Company's financial instruments are not subject to foreign exchange risk or other price risk.

Liquidity Risk:

The Company manages its liquidity risks by maintaining adequate cash and credit facilities, by updating and reviewing multi-year cash flow projections on a regular and as-needed basis, and by matching its long-term financing arrangements with its cash flow needs. In view of its credit ratings (Moody's: A1 and Standard & Poors: A+), the Company has ready access to sufficient long-term funds as well as committed lines of credit through credit facilities with a Canadian bank. The future annual principal payment requirements of the Company's obligations under its long-term debt are described in note 14.

Credit and Concentration Risks:

The Company is subject to credit risk through its cash and cash equivalents, restricted cash, accounts receivable, finance lease receivable and investments in the event that the counterparty defaults. The Company manages this exposure by contracting only with financial institutions that maintain a very high credit rating, and therefore considers the exposure to be low.

The Company performs ongoing credit valuations of its accounts receivable balances and maintains valuation allowances for potential credit loss. The investments are limited to short-term and medium-term debt instruments with high quality credit ratings in order to minimize credit exposure.

The Company derives a substantial portion of its revenues from airlines through airfield and passenger processing fees and through airlines' collection of airport improvement fees on its behalf. The Company's right under the Airport Transfer (Miscellaneous Matters) Act to seize and detain aircraft until outstanding aeronautical fees are paid mitigates the risk of credit losses.

Passenger activity at the Winnipeg Airport is approximately 91.3% origin and destination traffic, and although there is concentration of service with three air carriers, the Company believes that any change in the airline industry will not have a significant impact on revenues or operations. In addition, the Company's unfettered ability to increase its rates and charges mitigates the impact of these risks.

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash equivalents and restricted cash are subject to floating interest rates. Management has oversight over interest rates that apply to its cash equivalents and restricted cash. These funds are invested from time to time as permitted by the Master Trust Indenture, while maintaining liquidity for purposes of investing in the Company's capital programs. The fair value of short-term and medium-term investments will fluctuate with changes in interest rates.

	2019		2018	
	Carrying Value	Effective Year End Interest Rate	Carrying Value	Effective Year End Interest Rate
Cash Equivalents	$ 23,659	1.9%	$ 14,410	1.7%
Debt Service Reserve Fund	$ 16,193	0.9%	$ 19,058	1.7%
Registered Deposit Note	$ -	-	$ 125,000	1.9%

If interest rates had been 50 basis points (0.50 %) higher/lower and all other variables were held constant, including timing of expenditures related to the Company's capital expenditure programs, the Company's net loss for the year would have increased/decreased by $420 (2018 - $463) (due to changes in returns on interest bearing assets), and the Company's other comprehensive loss would have increased/decreased by $250 (2018 - $294) (due to changes in the fair value of investments).

The Company has entered into fixed rate long-term debt, and accordingly, the impact of interest rate fluctuations has no effect on interest payments. However, changes in prevailing benchmark interest rates and credit spreads may impact the fair value of this debt.

21. Related Party Transactions:

The Company's related parties include key management personnel, the post-employment benefit plans for the Company's employees (note 17), as well as investment in associates.

In 2019, the Company paid $3,593 (2018 - $3,575) to associates for operational services included in operating expenses.

Transactions with Key Management Personnel

Key management includes the Board of Directors, the President and Vice Presidents. Compensation paid, payable or provided by the Company to key management personnel during the year was as follows:

	2019	2018
Salaries and Short-Term Benefits	$ 1,854	$ 1,833
Post-Employment Benefits	157	161
Total	$ 2,011	$ 1,994

22. Capital Management:

The Company is incorporated without share capital under the Canada Not-for-Profit Corporations Act and, as such, net income is retained and reinvested in operations and development. Accordingly, the Company's only sources of capital for investing in operations and development are available bank debt, long-term debt and accumulated earnings included on the Company's balance sheet as retained earnings for a total of $851,276 (2017 - $986,176). The Company incurs debt to fund development based on what it considers affordable due to revenues from AIF and in order to maintain a minimum debt service coverage ratio. This provides for a self-imposed limit on what the Company can spend on major development. The Company is in compliance with its debt covenants.

The Company manages its rates for aeronautical and other fees to safeguard the Company's ability to continue as a going concern and to maintain a conservative capital structure. It makes adjustments to these rates in light of changes in economic conditions and events, and to maintain sufficient net income to meet ongoing debt coverage requirements.

23. Comparatives Figures

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

24. Subsequent Event

The global pandemic relating to the COVID-19 virus has disrupted air travel and supply chains. Cancellations of passenger flights by airlines has led to reduced volumes at the airport. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Company's ability to continue to service debt and meet lease and other obligations as they come due is dependent on the continued ability to generate earnings and cash flows, including the use of existing credit facilities. The Company believes it will generate sufficient liquidity to satisfy its obligations over the next twelve months.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

Governance Principles

The Board of Directors of Winnipeg Airports Authority Inc. recognizes that it has stewardship responsibility of a valuable community resource. The Board has implemented a corporate governance framework that aligns with best practices for effective corporate governance. This has resulted in a governance system that rests on the following four principles:

1. Accountability
2. Clear delineation of responsibilities between the Board and Management
3. The full Board, not Board committees, is involved in decision making
4. Transparency

Board Committees

The Board has organized its affairs around two standing committees – Governance and Audit. They are complemented by the use of Task Forces (Special Committees) on an as required basis to deal with particular matters. The full Board meets on a regular basis at least six times a year.

The mandate of the Governance Committee is to assist the Board in effectively meeting its responsibilities.
The Audit Committee attends to matters that are financial and/or risk related.

The purpose of the Special Committee: Federal Governance Initiatives is to explore alternate structures and governance models, consistent with the Company's vision, mission and values, taking in to account the principles of lower costs, community benefits, employee engagement and sustainability.

Public Accountability Principles

Incorporated into the Company's By-laws is a set of accountability principles that were accepted by the Board as part of the Airport transfer conditions. Following is a summary of these principles.

Board Composition

The Board is composed exclusively of unrelated, non-management Directors. Eleven members of the Board of Directors are nominated by seven different public and private sector agencies:

City of Winnipeg (3)
The Assiniboia Chamber of Commerce (1)
Province of Manitoba (1)
Rural Municipality of Rosser (1)
Government of Canada (2)
Economic Development Winnipeg (1)
Winnipeg Chamber of Commerce (2)

A maximum of four members may be nominated by the Board of Directors.

The Board cannot consist of fewer than seven or more than 15 members at any time.

Qualification and eligibility requirements of Board members:

- A Director may serve for a term not exceeding three years and that no more than three terms (or nine years) may be served.
- Directors can be neither elected to nor employed by any level of government.
- No Director can be an elected official or government employee at any time during the two years prior to becoming a Director.

Community Consultative Committee

The Company has a Community Consultative Committee (CCC) to provide for effective dialogue and dissemination of information on various matters, including airport planning, operational aspects of the Airport and municipal concerns. The CCC meets at least twice a year and is comprised of members who are generally representative of the community, including persons representing the interests of consumers, the travelling public and organized labour, aviation industry representatives and appropriate provincial and municipal government representatives.

Corporate Reporting & Disclosure

- The Company has adopted a Code of Conduct and Conflict of Interest Policy. All Directors are in compliance with this policy.
- The Company discloses non-arm's length transactions.
- Directors make a general report annually to their respective Nominator and the Board reports collectively to all Nominators.
- The Board has a self-evaluation process in place to review the performance of the Board and Board committees. As a general practice, the Company optimizes the use of Canadian resources and supplies and employs a competitive process for contracts in excess of $110,000 ($75,000 1994 dollars).
- One third of the Board of Winnipeg Airports Authority Inc. is female.
- In the event the Company increases airport user charges it provides advance public notice.
- Full audits in accordance with generally accepted auditing standards are conducted and Transport Canada has the right at any time to cause a complete audit to be conducted.
- The Company publishes its Annual Report and includes specific performance comparisons and discloses the remuneration paid to Board members and to its senior officers.
- The Annual Report is distributed in advance of the Annual Public Meeting to all Nominators and the Minister of Transportation.
- At least once every five years the Company conducts a comprehensive independent review of WAA's management, operation and financial performance by a qualified independent person. The report is distributed on a timely basis to the Minister of Transportation and to each Nominator and is available to the public on request.
- The Company provides for public access to the Airport Master Plan, five-year business plan, past five-year annual financial statements and business plans, incorporation documents, and all signed airport transfer agreements.

WAA Board of Directors 2019

Nominated by the City of Winnipeg

D. Greg Doyle, FCPA, FCA, Corporate Director
Scott Penman, Corporate Director
Kimberley Gilson, LL.B, Partner
Duboff Edwards Haight & Schachter Law Corporation

Nominated by Assiniboia Chamber of Commerce

Gerry Glatz, Owner
Teledisc Systems

Nominated by Economic Development Winnipeg Inc.

Paul Soubry, President & CEO
NFI Group Inc.

Nominated by the Government of Canada

Don Boitson, President & CCO, *Longview Aviation Capital*
Kenneth Grower, Corporate Director

Nominated by the Province of Manitoba

Peter Kaufmann, Vice President - Sales & Leasing
Capital Commercial Real Estate Services Inc.

Nominated by the Rural Municipality of Rosser

Thomas Payne Jr. (Chair), President
Payne Transportation Ltd.

Nominated by the Winnipeg Chamber of Commerce

BJ Reid, FCPA, FCA (Vice-Chair), Vice President, Fund Services and Chief Financial Officer
Investors Group Mutual Funds
Sangeet Bhatia, CPA, CA, CMC, Partner, Consulting
Deloitte Inc.

Appointed by the WAA Board

Brita Chell, FCPA, FCA, Chief Financial Officer
G3 Canada
Paul Vogt, President & CEO
Red River College
Donna Price, FCPA, FCGA, Corporate Director
Susan Dawes, Partner
Myers LLP.
Arthur Mauro (Chair Emeritus), Corporate Director

2019 Board Attendance

	Board Meetings			Audit Committee Meetings		
	Eligible	Attended	Telephone	Eligible	Attended	Telephone
Sangeet Bhatia	8	7	1			
Don Boitson	8	4	3	5	3	1
Brita Chell	8	7	1	5	4	
Susan Dawes	8	6				
D. Greg Doyle	8	7	1	5	5	
Kimberley Gilson	8	6	1			
Gerry Glatz	8	8		5	5	
Kenneth Grower	8	8		3	3	
Peter Kaufmann	8	7		2	2	
Tom Payne, Jr.	8	8				
Scott Penman	8	5	2	5	4	1
Donna Price	8	8				
BJ Reid	8	8		5	5	
Paul Soubry	8	6				
Paul Vogt	8	7				

	Governance Committee Meetings			Special Committee: Federal Governance Initiatives			Ad hoc Compensation Committee		
	Eligible	Attended	Telephone	Eligible	Attended	Telephone	Eligible	Attended	Telephone
Sangeet Bhatia	4	4							
Don Boitson									
Brita Chell									
Susan Dawes	4	4							
D. Greg Doyle							1	1	
Kimberley Gilson	4	4							
Gerry Glatz									
Kenneth Grower	1	1							
Peter Kaufmann	3	2							
Tom Payne, Jr.	4	4					1	1	
Scott Penman							1	1	
Donna Price	4	4							
BJ Reid									
Paul Soubry	4		3				1	0	
Paul Vogt	4	4							

No meetings were held in 2019

Board of Directors Compensation for 2019

Name	Retainer	Meeting	Chair	Total Earnings
Sangeet Bhatia	$ 12,000	$ 7,500		$ 19,500
Don Boitson	12,000	5,925		17,925
Brita Chell	12,000	8,700		20,700
Susan Dawes	12,000	7,200		19,200
D. Greg Doyle	12,000	9,450	$ 7,000	28,450
Kimberley Gilson	12,000	7,500	5,000	24,500
Gerry Glatz	12,000	9,750		21,750
Kenneth Grower	12,000	8,850		20,850
Peter Kaufmann	12,000	7,725		19,725
Tom Payne, Jr.	50,000			50,000
Scott Penman	12,000	8,175		20,175
Donna Price	12,000	8,400		20,400
BJ Reid	12,000	9,750	5,000	26,750
Paul Soubry	12,000	5,100		17,100
Paul Vogt	12,000	6,600		18,600
				$ 345,625

Executive Officers

Barry Rempel, President and Chief Executive Officer
Catherine Kloepfer, Senior Vice President Corporate Services and Chief Financial Officer
Pascal Bélanger, Chief Commercial Officer & Managing Director, Airport City Winnipeg
Vince Dancho, Senior Vice President and Managing Director, YWG Inc.

The base compensation range for the President & Chief Executive Officer is $275,000 to $375,000.
The base compensation range for Senior Vice Presidents is $225,000 to $275,000.

Community Consultative Committee and their Affiliations

Loren Remillard - The Winnipeg Chamber of Commerce
Dave Dyson - Deputy Minister of Growth, Enterprise and Trade
Colin Ferguson - Travel Manitoba
Dayna Spiring - Economic Development Winnipeg
Mike Ruta - City of Winnipeg
Tareq Al-Zabet - Deputy Minister of Infrastructure
Jeff Traeger - United Food & Commercial Workers Union
Wendell Wiebe - Manitoba Aerospace Association
Ron Evans - Indigenous Relations
Chuck Davidson - Manitoba Chambers of Commerce

Corporate Information

Auditors: PricewaterhouseCoopers LLP
Bank: Canadian Imperial Bank of Commerce
Legal Counsel: MLT Aikins LLP, Fillmore Riley LLP and Taylor McCaffrey LLP, Dentons Canada LLP

Single Source Contracts

During 2019 contracts were awarded in excess of $110,000 ($75,000 in 1994 dollars) outside of a competitive process for the reasons indicated in the following table:

Vendor	Description		Value	Basis for selection
Advance Electronics	IT Equipment & Support Services	$	467	A
Anixter Canada	Airfield Equipment & Parts	$	171	D
Anthony Allan Work Environments	Building Modifications	$	268	A
Bentley Mills Inc.	Carpet	$	209	B
Central Transport Refrigeration Ltd.	Airfield Vehicle Parts	$	154	F
Changi Airport Consultants PTE. Ltd.	Consulting Services	$	296	F
CodeEye Solutions	Software and Implementation	$	735	C
Cummins Canada	Airfield Equipment & Parts	$	657	A / F
Eric Elder	IT Equipment & Support Services	$	176	E
Federated CO-OP	Airfield Supplies & Services	$	647	G
Flexity Solution	IT Equipment & Support Services	$	305	D
Glacial Aggregates Inc.	Airfield Supplies & Services	$	136	E
Graham Construction	Building Modifications	$	178	D / G
IBM Canada	IT Equipment & Support Services	$	150	E
Jaquith Industries Inc.	Airfield Supplies & Services	$	133	A
LM Architectural Group	Building Modifications	$	219	E
McCaine Electric Ltd.	Airfield Supplies & Services	$	316	E
Norima Consulting Inc.	IT Equipment & Support Services	$	652	E
Online Business Systems	IT Equipment & Support Services	$	1,512	E
Ontracks Consulting Ltd.	IT Equipment & Support Services	$	336	E
Sierra Systems Group Inc.	IT Equipment & Support Services	$	161	E
Skidata	IT Equipment & Support Services	$	112	B
Smarte Carte Inc.	Equipment	$	154	A
SMS Engineering Ltd.	Building Modifications	$	245	C / E
SRG Security Resource Group Inc.	Security Services	$	285	G
Vancouver Airport Authority	IT Equipment & Support Services	$	207	D
Vision Box	IT Equipment & Support Services	$	1,192	E

(In thousands of Canadian dollars)

Basis for Selection

A – The acquisition is part of an equipment standardization program.
B – The goods or services are of a proprietary nature or there is only one qualified supplier.
C – Safety, security or critical operating needs require urgent procurement.
D – The vendor was awarded a contract for goods or services as a result of previous competitive process and has no prior performance issues.
E – There is only one qualified vendor available when all factors are considered.
F – A strategic alliance/partnership can be formed with one vendor in order to take advantage of current technology and expertise.
G – An alliance/partnership can be formed with one supplier in order to significantly promote the strategic objectives.

WINNIPEG RICHARDSON INTERNATIONAL AIRPORT SERVICES

Passenger Carriers

Serving Main Terminal Building

Air Canada
Air Canada Express
(Jazz Aviation on behalf of Air Canada Express)
Air Transat
Bearskin Airlines
Calm Air
Canadian North
Delta Air Lines
Delta Air Lines
(Endeavor Air / SkyWest / Compass on behalf of Delta)
Flair Air
Sunwing Airlines
Swoop
United Airlines
(ExpressJet / SkyWest on behalf of United)
Wasaya
WestJet
WestJet Encore

Other

Perimeter Aviation
Fast Air Ltd.
Skynorth Air Ltd.
Missinippi Airways
Keewatin Air Limited
Kississing Lakelodge Ltd.
Les Investissements Nolinor
2080061 Ontario Inc.
Execaire, A Division Of Gate Gourmet Canada Inc.
Ornge
Air Bravo Corp.
The North West Company LP
Sun Country Airlines
Flightpath Charter Airways Inc.
Execaire Aviation
FN Aircraft Limited Partnership
Morningstar Partners Ltd.
Airsprint Inc.
Air Inuit Ltd.
Northern Air Charter (P.R.) Inc.
Air Tindi Ltd.
Ifl Group Inc.
Pal Air Ltd.
Sunwest Aviation Ltd.
Sky Regional
Navitrans
Miami Air International, Inc.
Skyservice Business Aviation
Thunder Airlines
Saults & Pollard Real Estate
British Airways
First Air (Bradley Scheduled) Ltd.
North Star Air Ltd.
Chartright Air Inc.
Northway Aviation Ltd.
J.W. Childs Associates LP
Voyageur Airways
Harvard Oil & Gas Inc.

Air Cargo Carriers

Scheduled

Cargojet
DHL
(operated by Southern Air)
FedEx
UPS

Non-Scheduled

Air Bridge Cargo Airlines
Atlas Air Cargo
Cargolux
Centurion Cargo
China Cargo Airlines
Korean Air Cargo
LATAM Cargo
Nippon Cargo Airlines

Restaurants/Bars

Pre-Security

Harvey's
Root98
Stella's Café and Bakery
Tim Hortons

Post-Security Domestic

Freshii
Fuel Bar
Green Carrot Juice Company
Plaza Premium Lounge
Prairie Bistro
Skylights Lounge
Starbucks
Tim Hortons
True Burger

Post-Security Transborder

Tim Hortons Express
Urban Crave Restaurant and Lounge

Retailers

Pre-Security

ICE Currency Exchange
Red River News

Post-Security Domestic

Bentley
Best Buy Express
ICE Currency Exchange
Lolë
Metalsmiths Sterling
PGA TOUR Shop
Prairie News
Red River News Express
Rocky Mountain Chocolate Factory
The Scoreboard
The Exchange News & Gifts
The Loop Duty Free

Post-Security Transborder

CNBC News
ICE Currency Exchange
The Loop Duty Free

Hotels

Courtyard by Marriott
Four Points by Sheraton
The Grand by Lakeview

Car Rentals

Avis/Budget/Payless Rent-A-Car
Enterprise Rent-A-Car
Hertz Rent-A-Car
National/Alamo Rent-A-Car

WINNIPEG
AIRPORTS AUTHORITY

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