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2016

YEAR IN REVIEW

John C. Munro

HAMILTON
INTERNATIONAL AIRPORT

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Photo: Arrivals Hall John C. Munro Hamilton International

LETTER FROM CHAIRMAN OF THE BOARD & PRESIDENT AND CEO

In 2016, John C. Munro Hamilton International Airport celebrated many accomplishments and successes.

Passenger numbers improved as a result of new air services and expansion of services by existing airline partners.

In May, Air Canada began twice daily flights from Hamilton to Montreal. In July, the Airport celebrated the launch of NewLeaf Travel Company in partnership with Flair Air from Hamilton International. This new Ultra-Low Cost Carrier (ULCC) has opened up year-round access to destinations and air travel for passengers in various markets across the country.

Services from these new partners, as well as additional seasonal domestic offerings from WestJet, helped enhance this past summer program. As a result, the growth we've seen in passenger numbers at Hamilton International this year has been positive, increasing by 6.5% over 2015. The 2016/17 winter program has expanded by over 90% with most major Canadian sun carriers flying out of Hamilton and a comprehensive domestic program covering markets in the East and West of the country. This is the result of significant efforts made by our team who have invested considerable time and energy to support the development of existing and new routes.

Hamilton International's 70,000 square foot Cargo Centre continues to be a great boon for the Airport's partners and staff. Cargo traffic has steadily increased over the last 10 years and there are still further opportunities for growth in the years to come. The surge in e-commerce and perishable goods movement supports Hamilton International's position as the largest express cargo airport in Canada. In June 2016, Cargojet began cargo service between Hamilton and South America on behalf of its clients.

The Airport's operations department was extremely busy with the completion of two major projects. A new generator was installed airside to provide a longer, more efficient run time. In May, a section of the aircraft servicing area (Apron III) received a major upgrade, providing the Airport with greater capability to accommodate more aircraft.

We are extremely grateful to our partners, guests and community stakeholders for their ongoing support.

Finally, thank you to our dedicated and hard-working team at the Airport, 2016 was a busy year and we look forward to continued successes in 2017.

Sincerely,



Ron Foxcroft
Chairman of the Board



Vijay Bathija
President and CEO



Ron Foxcroft
Chairman of the Board



Vijay Bathija
President and CEO

CORPORATE GOALS & GOVERNANCE

Vision

To be the **Airport of Choice** in Southern Ontario for passengers, goods movement, airlines and service partners.

Mission

John C. Munro Hamilton International consistently provides its passengers, airlines and business partners with a high-value, hassle-free experience that maximizes stakeholder value.

Values

Take Action. Be responsive, take initiative, find timely solutions.

Be Innovative. Think creatively, be resourceful and flexible.

Act Safe. Understand risk, follow procedures, use common sense.

Show Respect. Be understanding and compassionate; act with integrity.

Be Friendly and Have Fun.

Governance

John C. Munro Hamilton International Airport's Board of Directors is a team of professionals connected to the local community or aviation industry. The Board of Directors meet four times a year providing governance for the Airport. Hamilton International Airport's Executive Management Team reports directly to the Board of Directors.



Photo: Entrance to John C. Munro Hamilton International Airport

John C. Munro Hamilton International Airport 2016 Year in Review

ABOUT VANTAGE AIRPORT GROUP

Vantage Airport Group is a leading investor, developer and operator of airports around the world. John C. Munro Hamilton International Airport is part of Vantage's global network of nine airports.

Passionate about people, performance and place, Vantage was one of the first companies to be involved in the global trend of airport investment, development and management. Since 1994, the company has been actively involved in making 30 airports better.

Vantage's approach of developing and implementing best practices, that consider local customs and culture, at airports around the world results in airports that are financially stronger, more sustainable and better economic generators for the communities and businesses they serve.



2016 HIGHLIGHTS



333,368

passengers flying to and from Hamilton International



438,924,000kg

in total landed cargo aircraft billable weight



253.3M

in direct financial benefit to the City of Hamilton since 1996



OVER 2,700

total jobs created through Airport activity at Hamilton International



OVER 90%

of passengers reported a positive Airport experience



OVER 150 hours

contributed by Airport staff to community organizations and events



Photo: Passengers enjoying Airport amenities prior to departure

PASSENGER OPERATIONS

In 2016, John C. Munro Hamilton International Airport saw a turnaround in passenger growth in the second half of the year with the start of two new airlines and further development of a comprehensive domestic network connecting major population centres of Canada to Hamilton and becoming a low cost carrier hub.

Beginning in May, Air Canada started flying twice daily from Hamilton to Montreal, serving the needs of business and leisure passengers, as well providing options for connections to Atlantic Canada and Europe via the airline's Montreal hub.

In July, NewLeaf Travel Company, in partnership with Flair Air, began its year round ultra-low-cost service from Hamilton to Edmonton, Halifax, Moncton and Winnipeg along with summer service to Saskatoon, Kelowna and Abbotsford.

WestJet continued year-round service from Hamilton to Calgary, as well as summer service to Vancouver and Edmonton. The airline also offered weekly winter sun service from Hamilton to Cancun and Orlando.

Air Transat operated winter seasonal flights from Hamilton to Cayo Coco from February to April along with direct service to Cancun, Puerto Plata, Punta Cana and Varadero from December to April.

Sunwing's fourth year at Hamilton International continued to offer passengers warm weather destinations such as Montego Bay, Punta Cana and Varadero.

Celebrity Cruises returned to Hamilton International for a third season with its all-inclusive program.

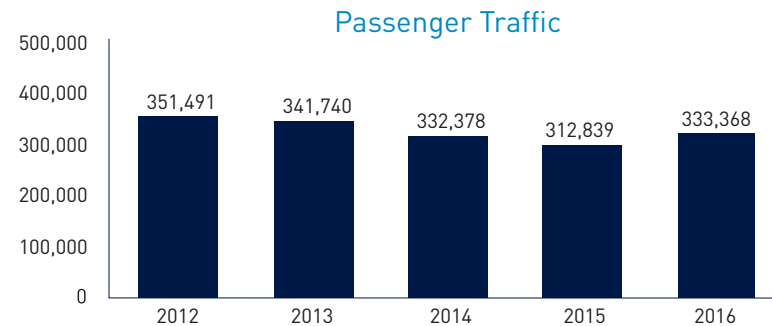


Photo: Passengers boarding departing flight

CARGO OPERATIONS

Overall cargo billable weight in 2016 was comparable to 2015. The beginning of the year saw a slight deficit due to the consolidation of cargo from Canada Post however, the second half of the year was very positive with year-over-year growth. Overall cargo billable weight was over 438,924,000 kg.

Cargo airline partners include Cargojet, Purolator, Canada Post, DHL and UPS, which operate a comprehensive network that serves major North American markets and provides the highest global connectivity for express cargo in Canada. Cargojet recently started operating international express cargo flights from Hamilton International to South America on behalf of its clients.

The Cargo Centre that was completed in 2015 accounted for almost 72% of the cargo processed at the Airport in 2016. The Cargo Centre contributes to the growth of Hamilton International as a domestic and international express cargo hub. It facilitates the efficient movement and handling of goods, supporting both ad hoc and regularly scheduled cargo operations.

ACI Cargo Inc. is the operator of the 30,000 square foot common-use portion of the Cargo Centre. ACI is an internationally recognized cargo service provider and operates the Cargo Centre's bonded, e-commerce and temperature controlled air cargo handling services as well as cross-docking and end of runway cargo services.

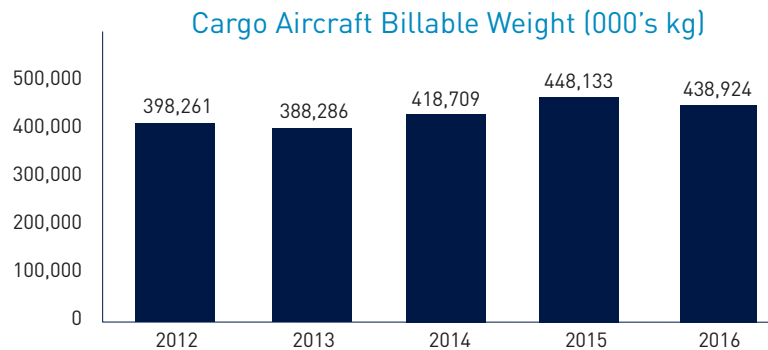


Photo: Cargo operations

PASSENGER EXPERIENCE

Hamilton International continues to make an ongoing effort to provide the best experience for its passengers.

Customer Service

The Hamilton International Airport Ambassador Program entered its eleventh consecutive year and once again continues to provide enhanced customer service through the knowledge and assistance of its cheerful and dedicated volunteers. In 2016, the Airport received a satisfaction score of over 90% from passengers for overall Airport experience.

Terminal Partners

Hamilton International continued its successful partnership with Tim Horton's to provide passengers with food and beverage options both pre and post-security. This service, in addition to existing terminal partners J&A's Bar, Hamilton International Duty Free and Departures retail convenience store, provide a variety of options for passengers as they await their departure.

Terminal Updates

In order to create a comfortable and convenient place for passengers, the Airport is continuously upgrading the facilities and striving to improve the overall experience for its passengers. In 2016, this included the purchase of 250 new baggage carts which are lighter, improving ease-of-use, as well as seating reconfigurations in the departure lounge to create a more relaxed and comfortable environment.

Sense of Place

Working with the Art Gallery of Hamilton, the Airport continues to showcase its existing Art Installation program as part of its 'Sense of Place' theme, linking Hamilton International to its local surroundings.



Photo: Passengers awaiting their departing flight

GIVING BACK

By continuing to build and enhance relationships with its neighbours, passengers and partners, Hamilton International is always striving to better serve the city and surrounding region.

Direct Benefit to the City

Investing in operations and infrastructure is crucial to continuing Airport growth; since 1996 TradePort and its partners have invested \$213.3 million, which in turn has created \$253.3 million in direct financial benefit to the City of Hamilton.

Growing the Economy

Through Airport activity, Hamilton International and its partners contribute \$284 million in gross domestic product (GDP), produce an economic output of \$644 million, and create over 2,700 person years of employment for Hamilton and the surrounding region - approximately 70% of which can be attributed to cargo operations*.

Community Investment

Hamilton International is proud to support several community organizations and events through donations, sponsorships and gifts in kind, with a focus on the Airport's Community Investment Pillars of: Aviation Education, Sense of Place and Employee-Driven Giving.

Hamilton International supported the following organizations in 2016 through its Community Investment Program:

Neighbour to Neighbour • Belleville Air Cadets • Great Canadian Shoreline Cleanup • Canadian Mental Health Association Hamilton • McMaster Children's Hospital • Liberty for Youth • Rotary Club of Hamilton • Supercrawl • Niagara Conservation Foundation • Hope Air.

*Source: Hamilton International Economic Impact Study, InterVISTAS (2013)



Photo: 2016 Great Canadian Shoreline Cleanup

AIRPORT OPERATIONS

Hamilton International Airport is committed to protecting the environment and to safeguarding the health of its employees, business partners and the general public.

Safety

Hamilton International participated in the Airport Excellence in Safety program by Airports Council International. The program aims to assist airports in their efforts to improve safety performance, implement safety management systems and reduce safety incidents through the sharing of best safety practices amongst the airport community.

Community

Hamilton International continued its focus on seeking opportunities for continuous improvement of the Airport's environmental stewardship, social engagement, and contribution to the regional economy. As part of Hamilton International's evolving Sustainability Plan, the Operations Team began work with Sustainable Hamilton Burlington (SHB), a locally-based association that seeks to inspire sustainable leadership in business.

Efficiency

The operations team accomplished a number of capital projects including the installation of a new fuel efficient generator. The generator provides critical power to essential airfield lighting systems and navigational aids during low visibility operations to ensure safe movement of aircraft at the Airport. The new generator will provide reliable uninterrupted power and better fuel economy.

Quality

Another significant capital project completed in 2016 was the airside rehabilitation of a section of the aircraft servicing area (Apron III). This project is part of the Airport's commitment under its strategic objective for infrastructure development to provide for safe aircraft operations at Hamilton International. The rehabilitation of this area now offers additional space for larger aircraft to park, load, unload and refuel.



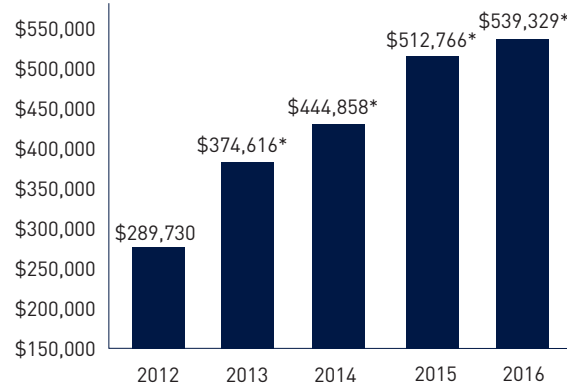
Photo: Apron III restoration

FINANCIAL HIGHLIGHTS

Passenger traffic growth, along with the continued focus on safety, security and compliance with regulations were key drivers in 2016 for the Airport in reaching its performance targets. Financial results continue to be positive, with revenues exceeding operating expenses by approximately \$6 million.

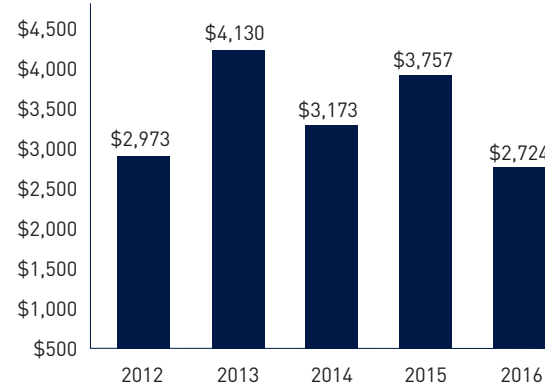
The Airport continues to reinvest in infrastructure through its sustaining capital program to update and maintain its onsite facilities.

Payments to the City



Under the operating lease agreement with the City of Hamilton, TradePort is required to pay rent based on a formula of revenue and operating income for each fiscal year. For the year ending December 31, 2016, rent to the City and assessment tax fee was \$539,329; a 5% increase over prior year.

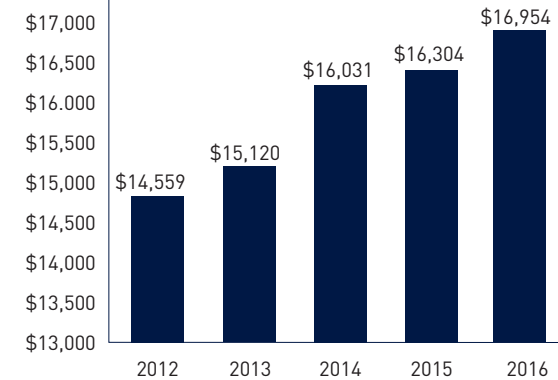
Capital Investments (000's)**



\$2.7 million was invested in sustaining capital. 2016 investments included: airside infrastructure upgrades, new equipment purchases and building improvements.

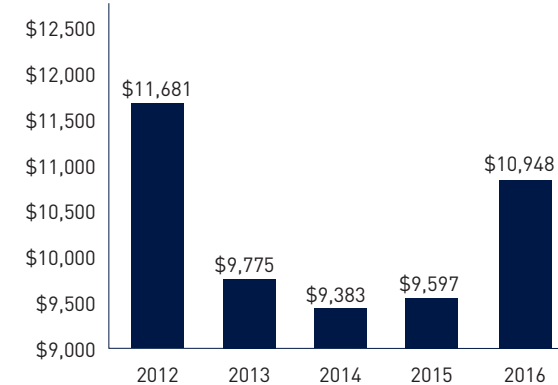
*Inclusive of Rent paid to the City and Assessment Tax Fee **Additional investment of \$30,212 contributed by provincial and federal governments

Revenue (000's)



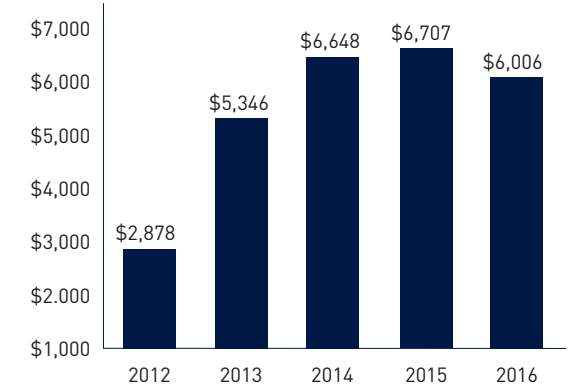
The Airport's three main revenue sources are passenger operations, cargo operations and commercial property rents. Revenues were 4% higher in 2016 due to greater passenger activity at the Airport than the previous year.

Expenses (000's)



Expenses consist of amounts incurred in the normal course of operations and include amortization, interest, costs associated with long-term debt and income tax. Expenses were \$10.9 million in 2016, an increase of 14% over 2015.

Revenue Over Expenses (000's)



Total excess of revenue over expenses decreased by 10% over 2015 due to greater costs primarily associated with higher levels of passenger operations.