



PortsToronto Annual General Meeting

CEO's Remarks

Geoffrey Wilson

June 27, 2022

Check Against Delivery

Good morning. On behalf of my colleagues, Senior Management and our Board of Directors, I would like to thank you for joining us today for PortsToronto's Annual General Meeting.

I would like to begin today by confirming that this meeting is being broadcast from our head office at 207 Queens Quay West in Toronto, and acknowledging that this office, and all of our businesses, are located on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg (ah-nish-naw-bek), the Chippewa, the Haudenosaunee (hoodt-en-oh-show-nee), and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples.

This AGM, like our AGM last year, is being held online given that COVID-19 transmission is still taking place and public gatherings remain an area of some caution and concern. However, it is our intention to return to an in-person AGM next year.

Importantly, whether online or in-person, the content of this year's meeting will remain consistent. In a moment I will invite PortsToronto's Board Chair, Ms. Amanda Walton, to provide her remarks. I will then provide an overview of our operational performance in 2021 and some of the challenges and achievements that the organization experienced in what was another challenging year. Finally, I will invite our Senior Vice President and Chief Financial Officer, Alan Paul, to present topline financial information for 2021.

Following Alan's remarks, we will hold a Question & Answer period. Again this year we did invite participants to submit queries in advance to ensure that there were multiple opportunities to ask questions. I will address the questions that were submitted in advance first, and will then address any other questions that are submitted through the "Q&A function" that is available on this platform. Please be sure to include your name when submitting your question. You can type your questions in and my colleague Deborah Wilson, Vice President of Public Affairs and Communications, will read them out for response. We will try to get all questions answered, but we do have a time limit for this AGM. I will remind you that this is not your only opportunity to ask questions of us. Questions can always be sent to communications@portstoronto.com at any point.

I should also mention that this online AGM will be recorded and made available on our website following today's meeting. I will also draw your attention to the release of our 2021 Annual Report which has been available on our website since May 18. The report provides operational highlights of the year as well as containing the Management Discussion and Analysis, and the 2021 audited Financial Statements.

With that I would like to invite Ms. Amanda Walton, our Board Chair, to deliver her remarks.

<Amanda presents her remarks>

Thank you Amanda.

I would now like to review our performance in 2021 which will include information on all of our business units – Billy Bishop Toronto City Airport, the marine Port of Toronto, the Outer Harbour Marina and our fourth business, which we call Property and Other, which is inclusive of our real estate holdings and investments. I will conclude by providing some insight and context into 2022.

I will begin with 2021 which, as expected, proved to be another challenging year for the organization due to the ongoing impacts of the COVID-19 global pandemic. Although business units such as the marine Port of Toronto and the Outer Harbour Marina recorded strong financial results, Billy Bishop Toronto City Airport continued to be impacted by the temporary suspension of commercial air carrier service that began in March 2020 and continued until September 8, 2021. This temporary suspension is now over, however the related decrease in passenger travel and associated fees had a material impact on revenues for the first three quarters of 2021.

Overall, PortsToronto reported operating revenues of \$39.7 million in 2021, an increase of \$3.0 million over 2020 revenue of \$36.7 million. In addition, PortsToronto had a net loss in 2021 of \$8.9 million versus a net loss of \$12.6 million in 2020, an improvement of \$3.7 million year-over-year.

However, despite the financial challenges presented and the operational impacts of the pandemic throughout 2021, PortsToronto paid \$3.3 million in Payments in Lieu of Taxes (PILTs) to the City of Toronto in 2021, as well as paying \$2.3 million in property taxes. The amounts accrued and paid to the federal government and to the City of Toronto together totaled \$6.4 million for 2021, representing 16.2% of PortsToronto's Operating Revenue for that fiscal year.

I will now go through the performance of each business unit starting with the marine Port of Toronto which experienced another strong year in 2021 and, for the fifth consecutive year, moved more than two million metric tonnes of bulk and general cargo products. The port and its activities reported operating income from all sources of \$5.5 million, up from the year prior that recorded \$4.4 million, which can be attributed to cargo handling and dues, port berthage and storage.

There were 190 ship visits in 2021, bringing sugar, salt, cement, aggregate and steel directly to the heart of the city. Twenty-five ships brought in steel imports from around the world, representing an 18-year high.

The Port of Toronto also saw the arrival of three bridge spans from Nova Scotia via tug/barge for Waterfront Toronto's Villiers Island project, and was critical in providing berthing for marine equipment in support of the new City of Toronto Ashbridge's Bay Sewer Treatment Plant Outfall Project.

While cargo shipments at the Port continued unabated, there was continued suspension of cruise ship activity in 2021 due to pandemic-related travel restrictions. However, the forecast for cruise ships is back on track for 2022, with forty cruise ships expected to arrive at the Port of Toronto. This promises to be a new record for the Port of Toronto and includes the arrival of the Viking Octantis which is a new 378-passenger luxury cruise ship that made its first call at the port on April 29th of this year.

Other businesses operating on PortsToronto's properties also had strong years, including Cinespace which operates a film and television production studio out of Marine Terminal 51. The company completed an impressive reconstruction of the terminal a few years back and has since attracted production companies such as Netflix, which have availed themselves of these industry-leading studios, bringing jobs and opportunity to the city.

The introduction of Cinespace has been a real success story. PortsToronto effectively re-configured its operations and land use to accommodate this additional business, which is good for the city and economy. Importantly, these non-maritime business activities have neither affected nor displaced our core industrial port operations and cruise ship activities on PortsToronto's property.

Although by no means the largest in Canada, the Port of Toronto plays an important role in the national transportation chain and in supporting the largest economy in Canada. Not to mention the role it plays in our daily lives providing the sugar for our coffee, the salt for our roads, and the raw materials for our booming construction industry, facilitating trade and tourism for the city. During the past year as the pandemic affected supply chains and distribution around the world, we were fortunate to have the port serve as a regular and reliable gateway to receive the food and materials that Toronto and region required to keep the local economy moving.

It's also important to keep in mind that the port has an important role to play in environmental sustainability, given that the cargo delivered to the Port of Toronto last year took the equivalent of approximately 54,000, 40-tonne trucks off Toronto's roads and highways. Further, ship transport is significantly more fuel efficient than trucks, using one-eighth as much fuel to carry the same amount of cargo.

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Transitioning from large ships to personal vessels, the financial performance of the Outer Harbour Marina remained consistent with prior years during 2021. The demand for winter storage in the 2021-2022 winter season, and summer berthing renewals led to the Marina confirming a 100% occupancy level. The Outer Harbour Marina's operating income was \$2.4 million in 2021 on revenues of \$5.4 million.

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Property and Other includes the rental of various PortsToronto properties along the waterfront as well as investment income earned on PortsToronto's cash reserves, which dropped in 2021 versus 2020, due to lower interest rates. As such, Property and Other reported operating income of \$2.9 million in 2021, down from \$4.4 million the year prior.

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Turning now to Billy Bishop Toronto City Airport, 2021 proved to be another challenging year for the airport given the nature of its operations and the unprecedented impacts of the COVID-19 global pandemic on the travel and aviation sector. With the temporary suspension of commercial carriers until September 8, 2021, operating income for Billy Bishop Airport was \$5.0 million in 2021, up from \$3.0 million in 2020, but down significantly from the \$22.1 million recorded in 2019.

However, with scheduled carrier service having returned, it is anticipated that 2022 will see a dramatic recovery for Billy Bishop Airport. In fact, in May 2022, passenger volumes reached around 140,000 passengers at Billy Bishop Airport, which is the highest number in a single month since the pandemic began. Further, this represented almost 54 per cent of May 2019 volumes. The forecast for summer 2022 indicates that Billy Bishop Airport will see a return of between 80 to 90 per cent of seat capacity among Porter Airlines and Air Canada, which is excellent news.

In addition, pent-up demand for travel has led to the introduction of new routes, including Porter Airlines' new direct service to three important Atlantic Canada destinations, which began in spring 2022. We are also watching with interest the progress being made by Connect Airlines on the introduction of their new service from/to Billy Bishop Airport and several key U.S. destinations. In fact, despite the fact that 2021 remained challenging, there were and are many reasons to be optimistic about 2022.

Importantly, regardless of reduced revenues due to the pandemic, PortsToronto continued to make meaningful investments in our sustainability plan that included environmental initiatives.

On December 15, 2021, PortsToronto was proud to welcome the retrofitted Marilyn Bell ferry at Billy Bishop Airport. After years of planning and months of execution, the Marilyn Bell became the first 100-per cent electric ferry in Canada.

Powered entirely by electricity from clean wind and solar sources provided by Bullfrog Power, the retrofitted Marilyn Bell has eliminated Greenhouse Gas Emissions from the ferry operation, which will reduce the airport's direct emissions by approximately 530 tonnes per year. In addition to operating more efficiently and eliminating related air emissions, the retrofitted vessel builds on the airport's award-winning Noise Management Program, as it now operates far more quietly, dramatically reducing related noise in the surrounding community.

In 2021, PortsToronto also expanded its successful Seabin Program by installing two additional devices on the Toronto Islands at the Wards and Hanlan's point ferry terminals on behalf of the Toronto and Region Conservation Authority and the City of Toronto. Further, thanks to a generous partnership with the Waterfront Business Improvement Area, we anticipate the expansion of the program along Toronto's waterfront with six new Seabins being installed this summer in areas of concern.

This is in addition to other community initiatives underway by PortsToronto such as partnering with Bathurst Quay Neighbourhood Association and the City of Toronto on an Air Quality Study, a Ground Noise Study, the planting of 600 trees and shrubs at the Outer Harbour Marina, and partnering with organizations such as ALS, HopeAir and Evergreen on important community and health programs.

The Marilyn Bell ferry conversion, Seabins and all of our community initiatives feature prominently in the PortsToronto Sustainability Report which was released on April 22 of this year. Each year we publish two Sustainability Reports – one for Billy Bishop Airport exclusively, and one for all PortsToronto businesses, including Billy Bishop Airport.

Each report provides an overview of our efforts and reports on areas such as Greenhouse-Gas Emissions, energy usage, and waste management. We also showcase initiatives we are undertaking to reduce our carbon footprint such as building habitat for fish, migratory birds and other wildlife on the Leslie Street Spit, deploying hybrid vehicles for our service fleet, and purchasing 100 per cent of our power needs from renewable sources such as wind and hydro through Bullfrog Power. PortsToronto is one of only a few organizations in Canada to use renewable energy for its entire operations, and the only airport and port authority in Canada to do so.

We are very proud of our sustainability program and all of the work we do with the environment and in support of community initiatives which represented more than \$12 million in community and environmental spending over the last decade.

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Looking to the year ahead, PortsToronto will continue to work with our community, partners and stakeholders to actively participate in the recovery of our economy within a sustainable development framework. However, this work will continue under new leadership for PortsToronto as in February 2022, I announced my retirement after almost 13 years as Chief Executive Officer.

The decision was a difficult one to make as PortsToronto has been a wonderful place to work, filled with people and projects that made it easy to get out of bed each day and complete meaningful initiatives that had commercial and community benefit. When I look back at the projects I have led I am filled with pride.

Of course, I didn't do this alone and would like to take this opportunity to thank my senior management team. I have so enjoyed working with this group and am consistently impressed with what can be delivered under their collective leadership. I would also like to thank our employees who are among the most professional and committed of any team I have ever had the pleasure to work with. This professionalism was most evident over the last two years when we all had to come together, make difficult decisions, and push through against formidable odds to keep the business strong.

I would also like to recognize our Board of Directors who have provided counsel and guidance over the years to ensure our organization delivers on its potential.

Our stakeholders and business partners including City of Toronto staff and elected officials; the team at Transport Canada; airport partners such as Porter Airlines, Air Canada, Nieuport and Stolport; city builders such as Waterfront Toronto, Toronto and Region Conservation Authority (TRCA), CreateTO, WBIA, Mississaugas of the Credit First Nation; and the many others who I have met over the years... thank you for your partnership and collaboration.

This organization has more than a century of stewardship specific to Toronto's remarkable waterfront, and is poised to not only recover and rebuild, but to thrive and be a catalyst to an economic resurgence for the region. All of our business have an important role to play in this recovery as drivers of trade and tourism, and although I will no longer be at the helm, I will continue to watch and support this organization with interest as it is at the forefront of city building and innovation.

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I would now like to invite Alan Paul, Senior Vice President and Chief Financial Officer of PortsToronto, to present our 2021 financial results.

<Alan presents financials>

Thank you Alan.

With that we will move into our Question Period. As I mentioned at the outset, we did receive a few questions in advance which I will answer first. I will then turn to any questions that come in through the question function available on this portal.

I'll ask my colleague, Deborah Wilson, Vice President of Public Affairs & Communications, to read the questions.

<Q&A Period>

<Line will stay active to allow for closing remarks>

If there are no more questions I will extend my appreciation to those who participated in today's Annual General Meeting.

After this meeting you can always submit questions through our communications@portstoronto.com mailbox. Our website is updated daily with news and information, and our social media platforms are very active in providing news and updates to our community.

Thank you again for joining us today. Please stay safe and enjoy the rest of your day.