

PRESS RELEASE

GIAA RELEASES 2022 RESULTS

(Gander, NL May 11, 2023) Today, the Gander International Airport Authority (GIAA) reflected on its 2022 performance at its Annual Public Meeting.

The GIAA's 2022 financial performance was once again affected by the COVID-19 Pandemic. The emergence of the Omicron variant impacted the first quarter of the year. It was not until February 28, 2022, that the government of Newfoundland and Labrador lifted provincial border control and travel restrictions. Federal government border and travel measures remained until October 1, 2022. Even with these measures removed, the pent-up demand for travel was offset by weak consumer confidence, inflation, challenges along the passenger journey and reduced seat capacity.

The airport contended with the same inflationary pressure faced by Canadian consumers and had to resume some operating expenses curtailed during the Pandemic. The rising cost of inputs for labour, capital, energy and raw materials could not be avoided. Combined with the slow recovery of traffic and revenue, 2022 was the worst financial performance and first cash loss in the Airport Authority's 20-year history managing the airport.

"We were braced for a severe test in 2022," said GIAA CEO Reg Wright. "We have worked very hard over the last 20 years to build a more resilient airport, but at day's end, airports need passengers and planes, and both have been in short supply in Pandemic-impacted years. We could not easily recover from a 40% drop in revenue nor save our way to profitability. We need things to improve and the right blend of courage and caution until they do."

Highlights:

- Total revenue for 2022 reached **\$6.5 million**, representing a **7% increase** compared to the previous year when adjusted for one-time COVID-19 government grants. Ultimately, the GIAA's posted revenue for 2022 was almost **\$4 Million less** than the revenue recorded in 2019, \$10.4 Million. Overall operating expenses were up over the previous year by \$2.1 million,

as Pandemic-era austerity measures were drawn down, but \$215,000 below 2019 expenses. The **net loss** from operations was \$2.7 million, including an investment downturn of \$966,000. Removing investment fluctuations and one-time pandemic grants, GIAA saw a \$1.71 million loss.

- Given a scarcity of seats and continued travel restrictions, the Gander International Airport hosted just **104,533 domestic passengers**, a little less than two-thirds of 2019. Domestic aircraft movements only increased by 13% over 2021 and were only 62% of pre-Pandemic totals. The GIAA forecasts that total seat capacity for the summer peak of 2023 will be 75% of pre-Pandemic levels.
- **Air Canada** introduced a new well-subscribed seasonal service to Montreal. **Sunwing Airlines** did not provide flights to the Caribbean in 2022 after Transport Canada restricted international service to 18 Canadian airports, Gander not among them. **WestJet** operated a reduced seasonal Halifax service at Gander in 2022. However, it has since announced a significant service withdrawal across Atlantic and Eastern Canada as it retrenches operations to focus on Western Canada. **PAL Airlines** continued a strong, well-subscribed service.
- International aircraft **technical stops** have recovered 80% of pre-Pandemic levels, although recovery was hampered by Federal policies restricting the airport's usage.
- The GIAA invested **\$6.4 Million in capital improvements** in 2022, emphasizing leasehold improvements and renewal of the winter snow-clearing fleet, with a third of CapEx funded through Government Pandemic support programs.
- The airport continues a multi-year **\$5.8 Million energy retrofit program** to reduce oil consumption, emissions, and utility costs.
- The cost-shared rejuvenation of the airport's historic **international lounge** was substantially completed and has since drawn 25,000 unique visitors and over 300 tour groups.

"There is a clear divide between how passenger traffic and air service has returned in large urban hubs versus regional markets," Mr. Wright said. "We knew that small travel markets like ours would be the last dogs to the bowl of recovery. Restoring a

stronger off-peak schedule remains a challenge but a top priority. The Central economy is hot and full of promise, and we are confident we will grow with it.”

The complete version of the Annual Report can be found online at:

-30-

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