



MANAGEMENT'S DISCUSSION AND ANALYSIS

Third Quarter (Q3)
September 30, 2023



Administration Laurentian
de pilotage Pilotage
des Laurentides Authority

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED SEPTEMBER 30, 2023

Notice to reader

The current report covers the LPA's activities and financial situation for the nine-month period ended September 30, 2023. You should read this report in conjunction with the unaudited financial statements for the nine-month period ended September 30, 2023 and with the most recent audited financial statements. These financial statements were established and are presented following IFRSs and are included in the most recent LPA's Annual Report.

1. Analysis of financial results

COMPARISON WITH THE 2023 BUDGET

REVENUES

Pilotage charges

Pilotage charges amounted to \$ 71.5 million for the nine-month ended September 30, 2023 versus \$ 73.3 million for the corresponding budget period. This decrease of \$ 1.8 million is mainly related to lower-than-expected bulk carriers and general cargo ships in District 1, lower-than expected tankers and bulk carriers in District 2, combined with higher-than-expected tankers traffic in District 1. Including revenues from pilot boats, total pilotage charges amounted to \$ 82.4 million for the same period.

Other revenues

The LPA's other revenues totalled \$ 283.8 K for the nine-month ended September 30, 2023 compared to \$ 125 K for the corresponding budget period. No significant variance is therefore recognized. This variation is mainly related to several interest rate increases since last year.

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EXPENSES

Pilotage expenses

Pilot fees have reached \$ 64.2 million for the nine-month ended September 30, 2023 compared to \$ 64.2 million for the corresponding budget period. No significant variance is therefore recognized.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$ 10.4 million for the nine-month ended September 30, 2023, compared to \$ 8.9 million for the corresponding budget period. The variation in operating costs is mainly due to the variation in the number of transshipments and the maintenance expense for pilot boats initially not included in the budget.

Administrative and operational expenses

Administrative and operational expenses totalled \$ 8.8 million for the nine-month ended September 30, 2023 compared to \$ 9.8 million for the corresponding budget period. The variance in administrative and operating expenses is mainly due to positions that were budgeted but still vacant or were partially vacant during the period and a decrease of depreciation following delay on some capital expenditures.

COMPARISON WITH THE 2022 FINANCIAL YEAR

REVENUES

Pilotage charges

Pilotage charges amounted to \$ 71.5 million for the nine-month ended September 30, 2023 versus \$ 68.1 million for the corresponding period last year. This positive variance is mainly due to an increase in pilotage rates compared to the previous year.

Other revenues

The LPA's other revenues totalled \$ 283.8 K for the nine-month ended September 30, 2023 versus \$ 156.3 K for the corresponding period last year. This variation is mainly related to several interest rate increases since last year.

LAURENTIAN PILOTAGE AUTHORITY
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EXPENSES

Pilotage expenses

Pilot fees have reached \$ 64.2 million for the nine-month ended September 30, 2023 compared to \$ 60.5 million for the corresponding previous year period. This variance is mainly due to an increase in the pilotage fee rate.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$ 10.4 million for the nine-month ended September 30, 2023, versus \$ 8.6 million for the corresponding period of the previous year. The variation in operating costs is mainly due to the number of transshipments which varies according to the number of pilot assignments, the maintenance expense for pilot boats and the oil costs which vary from year to year.

Administrative and operational expenses

Administrative and operational expenses totalled \$ 8.8 million for the nine-month ended September 30, 2023, in line with the \$ 7.7 million for the corresponding period last year. The variance in administrative and operational expenses is mainly due to the increase in professional services related to non-recurring items.

2. Risk analysis

No major change in the risk analysis of the Authority's operations has occurred since the preparation of its 2022 Annual Report.

Regarding the Authority's operational and personnel activities, they have not significantly changed since the preparation of the LPA's 2023-2027 Corporate Plan. During its last strategic planning in summer 2022, the LPA has carried out a full update of operational and strategic risks, which has been integrated into the 2023-2027 Corporate Plan. The main risks are monitored on a regular basis by executive management and the Board of Directors.