



Administration de pilotage des Laurentides
Laurentian Pilotage Authority

MANAGEMENT REPORT

THIRD QUARTER (Q3)

ENDED SEPTEMBER 30th, 2018

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED SEPTEMBER 30, 2018

Notice to reader

The current report covers the LPA's activities and financial situation for the nine-month period ended September 30, 2018. You should read this report in conjunction with the unaudited financial statements for the nine-month period ended September 30, 2018 and with the audited financial statements for the financial year ended December 31, 2017. These financial statements were established and are presented following IFRSs and are included in the LPA's 2017 Annual Report.

1. Analysis of financial results

COMPARISON WITH THE 2018 BUDGET

REVENUES

Pilotage charges

Pilotage charges amounted to \$ 27.8 million for the quarter ended September 30, 2018 (\$ 74.7 million for the nine-month period) versus \$ 27.9 million for the corresponding period last year (\$ 73.5 million for the nine-month period). Results for the semester are in line with the corresponding period in the budget. However, a favourable variation for the year-to-date period is showed and originates from a variance in traffic estimates; revenues from tankers ships and bulk carrier ships are greater than budgeted while revenues from general cargo ships and container ships are lower than budgeted.

Other revenues

The LPA's other revenues totalled \$ 60,005 for the quarter ended September 30, 2018 (\$ 172,278 for the nine-month period) compared to \$ 31,000 for the corresponding period last year (\$ 114,000 for the nine-month period). A better management of current account and greater interest rates than expected explained this favourable variation.

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED SEPTEMBER 30, 2018

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED SEPTEMBER 30, 2018

EXPENSES

Pilot fees

Pilot fees have reached \$ 23.5 million for the quarter ended September 30, 2018 (\$ 62.6 million for the nine-month period) compared to \$ 23.1 million for the corresponding budget period (\$ 60.9 million for the nine-month period). This unfavourable variance originates from the variation in the type of traffic that negatively affected the pilot fees. In addition, this variance is due to the payment of \$ 981 K made in the settlement of a dispute with the Corporation des Pilotes du Saint-Laurent central.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$ 2.6 million for the quarter ended September 30, 2018 (\$ 8.5 million for the nine-month period) versus \$ 2.4 million for the corresponding previous year period (\$ 8.3 million for the nine-month period). The variance in operating costs is mainly due to a number of transhipments that are about 10% higher than planned.

Administrative and operational expenses

Administrative and operational expenses totalled \$ 1.6 million for the quarter ended September 30, 2018 (\$ 5.2 million for the nine-month period), compared to \$ 1.7 million for the corresponding period last year (\$ 5.3 million for the nine-month period), in line with budgeted period.

COMPARISON WITH THE 2017 FINANCIAL YEAR

REVENUES

Pilotage charges

Pilotage charges amounted to \$ 27.8 million for the quarter ended September 30, 2018 (\$ 74.7 million for the nine-month period) versus \$ 24.1 million for the corresponding period last year (\$ 67.4 million for the nine-month period). This favorable variation comes from a favorable variation in the general traffic, but especially tankers, bulk carrier ships and container ships.

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED SEPTEMBER 30, 2018

Other revenues

The LPA's other revenues totalled \$ 60,005 for the quarter ended September 30, 2018 (\$ 172,278 for the nine-month period) compared to \$ 43,007 for the corresponding period last year (\$ 121,525 for the nine-month period). A better management of current account and greater interest rates than expected explained this favourable variation.

EXPENSES

Pilot fees

Pilot fees have reached \$ 23.5 million for the quarter ended September 30, 2018 (\$ 62.6 million for the nine-month period) compared to \$ 19.7 million for the corresponding previous year period (\$ 55.0 million for the nine-month period). This unfavourable variance originates from the variation in the type of traffic that negatively affected the pilot fees. In addition, this variance is due to the payment of \$ 981 K made in the settlement of a dispute with the Corporation des Pilotes du Saint-Laurent central.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$ 2.6 million for the quarter ended September 30, 2018 (\$ 8.5 million for the nine-month period) versus \$ 2.3 million for the corresponding previous year period (\$ 7.6 million for the nine-month period). The variance in operating costs is mainly due to a number of transhipments that are about 10% higher than planned.

Administrative and operational expenses

Administrative and operational expenses totalled \$ 1.6 million for the quarter ended September 30, 2018 (\$ 5.2 million for the nine-month period), compared to \$ 1.4 million for the corresponding period last year (\$ 5.1 million for the nine-month period), in line with last year results.

2. Risk analysis

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED SEPTEMBER 30, 2018

No major change in the risk analysis of the Authority's operations has occurred since the preparation of its 2017 Annual Report; as mentioned in the Report, the LPA has filed its proposals with the *Pilotage Act Review* President. Furthermore, the Authority's operational and personnel activities have not significantly changed since the preparation of the LPA's 2018-2022 Corporate Plan. During its last strategic planning in summer 2018, the LPA has carried out a full update of operational and strategic risks, which has been integrated into the 2019-2023 Corporate Plan.