



Administration de pilotage des Laurentides
Laurentian Pilotage Authority

Management's discussion and analysis

FIRST QUARTER (T1)

As at March 31, 2019

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED MARCH 31, 2019

Notice to reader

The current report covers the LPA's activities and financial situation for the three-month period ended March 31, 2019. You should read this report in conjunction with the unaudited financial statements for the three-month period ended March 31, 2019 and with the audited financial statements for the financial year ended December 31, 2018. These financial statements were established and are presented following IFRSs and are included in the LPA's 2018 Annual Report.

1. **Analysis of financial results**

COMPARISON WITH THE 2019 BUDGET

REVENUES

Pilotage charges

Pilotage charges amounted to \$ 22.9 million for the quarter ended March 31, 2019 versus \$ 23.4 million for the corresponding period last year. An unfavourable variation of \$ 0.5 million for the period is showed and originates from a variance in traffic estimates; revenues from tankers ships are lower than budgeted while revenues from general cargo ships and container ships are greater than budgeted.

Other revenues

The LPA's other revenues totalled \$ 69,843 for the quarter ended March 31, 2019 compared to \$ 62,000 for the corresponding period last year. 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 MARCH 31, 2019

EXPENSES

Pilot fees

Pilot fees have reached \$ 18.6 million for the quarter ended March 31, 2019 compared to \$ 19.2 million for the corresponding budget period. This favourable variance originates from the variation in the type of traffic that affected the pilot fees, combined with a variance with margins.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$ 3.1 million for the quarter ended March 31, 2019 versus \$ 3.0 million for the corresponding previous year period. The variance in operating costs is mainly due to a number of transhipments that are higher than planned.

Administrative and operational expenses

Administrative and operational expenses totalled \$ 1.9 million for the quarter ended March 31, 2019, compared to \$ 1.9 million for the corresponding period last year, in line with budgeted period.

COMPARISON WITH THE 2018 FINANCIAL YEAR

REVENUES

Pilotage charges

Pilotage charges amounted to \$ 22.9 million for the quarter ended March 31, 2019 versus \$ 21.3 million for the corresponding period last year. This favorable variation comes from a favorable variation in the general traffic, but especially bulk carrier ships and container ships.

Other revenues

The LPA's other revenues totalled \$ 69,843 for the quarter ended March 31, 2019 compared to \$ 48,615 for the corresponding period last year. A better management of

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current account and greater interest rates than expected explained this favourable variation.

EXPENSES

Pilot fees

Pilot fees have reached \$ 18.6 million for the quarter ended March 31, 2019 compared to \$ 17.8 million for the corresponding previous year period. This favourable variance originates from the variation in the type of traffic that affected the pilot fees, added with an annual adjustment in pilot fees.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$ 3.1 million for the quarter ended March 31, 2019 versus \$ 3.0 million for the corresponding previous year period. The variance in operating costs is mainly due to a number of transhipments that are higher than planned.

Administrative and operational expenses

Administrative and operational expenses totalled \$ 1.9 million for the quarter ended March 31, 2019, compared to \$ 1.8 million for the corresponding period last year. The variance comes from different positions, mainly the employee salaries and benefits.

2. Risk analysis

No major change in the risk analysis of the Authority's operations has occurred since the preparation of its 2018 Annual Report. As mentioned in the Report, the LPA has filed its proposals with the *Pilotage Act Review* President and the changes to be made are now known. These various changes, which are currently in the authorization process by the government, are not expected to affect the financial position of the Authority. Regarding the Authority's operational and personnel activities, they have not significantly changed since the preparation of the LPA's 2019-2023 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. An update of this risks analysis will be made within the actual year.