



Administration de pilotage des Laurentides
Laurentian Pilotage Authority

Management's discussion and analysis

SECOND QUARTER (Q2)

At JUNE 30, 2020

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED JUNE 30, 2020

Notice to reader

The current report covers the LPA's activities and financial situation for the six-month period ended June 30, 2020. You should read this report in conjunction with the unaudited financial statements for the six-month period ended June 30, 2020 and with the audited financial statements for the financial year ended December 31, 2019. These financial statements were established and are presented following IFRSs and are included in the LPA's 2019 Annual Report.

1. **Analysis of financial results**

COMPARISON WITH THE 2020 BUDGET

REVENUES

Pilotage charges

Pilotage charges amounted to \$ 45 M for the six-month ended June 30, 2020 versus \$ 51 M for the corresponding budget period. An unfavourable variation of \$ 6 M for the period is shown and is mainly due to a reduction in the number of the assignments of 10.9%. This reduction is due mainly to the COVID-19 situation.

Other revenues

The LPA's other revenues totalled \$95 955 for the six-month period ended June 30, 2020 compared to \$ 157,000 for the corresponding budget period. This unfavourable difference originates, mainly, from the decrease of the interest rate on our cash resources from 1.7% to 0.4% due to the change in Bank of Canada interest rates.

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED JUNE 30, 2020

EXPENSES

Pilot fees

Pilot fees have reached \$ 36.9 M for the six-month period ended June 30, 2020 compared to \$ 41.4 M for the corresponding budget period. This favourable variance is linked directly to the variance in the revenues caused by the decrease in traffic.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$ 5.5M for the six-month period ended June 30, 2020, compared to \$ 6 M for the corresponding budget period. The change in operating costs is mainly due to a decrease in the number of transshipments as a result of the decrease in traffic.

Administrative and operational expenses

Administrative and operational expenses totalled \$ 4.9 M for the six-month ended June 30, 2020, compared to \$ 5.2 M for the corresponding budget period. A favourable variation of \$0.3 M for the period is indicated and is due to a variation in various elements, including additional unplanned expenses related to COVID-19 of \$142K.

COMPARISON WITH THE 2019 FINANCIAL YEAR

REVENUES

Pilotage charges

Pilotage charges amounted to \$ 45 M for the six-month ended June 30, 2020 versus \$ 50.2 M for the corresponding period last year. An unfavourable variation of \$ 5.2 M for the period is showed and is mainly due to a reduction in the number of the assignments of 10.9%. This reduction is due mainly to the COVID-19 situation.

Other revenues

The LPA's other revenues totalled \$ 95 955 for the six-month period ended June 30, 2020 compared to \$ 156 034 for the corresponding period last year. This unfavourable difference originates, mainly, from the decrease of the interest rate on our cash resources from 1.7% to 0.4% due to the change in Bank of Canada interest rates.

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED JUNE 30, 2020

EXPENSES

Pilot fees

Pilot fees have reached \$ 36.9 M for the six-month period ended June 30, 2020 compared to \$ 41 M for the corresponding previous year period. This favourable variance is linked directly to the variance in the revenues caused by the decrease in traffic.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$ 5.5 M for the six-month period ended June 30, 2020, versus \$ 5.6 M. The variance in operating costs is mainly due to a number of transhipments.

Administrative and operational expenses

Administrative and operational expenses totalled \$ 4.9 M for the six-month ended June 30, 2020, compared to \$ 4.4 M for the corresponding period last year. The variance comes from different positions but mainly from 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 2019 Annual Report. Last year, the Federal Government adopted amendments to the *Pilotage Act* and the changes are now known. These changes will affect the LPA's financial position since substantial amounts will be transferred to Transport Canada for the execution of its new duties.

Regarding the Authority's operational and personnel activities, beside the variations caused by the COVID-19 situation, they have not significantly changed since the preparation of the LPA's 2020-2024 Corporate Plan. During its last strategic planning in June 2020, the LPA has carried out a full update of operational and strategic risks, which will be integrated into the 2021-2025 Corporate Plan.