



Administration de pilotage des Laurentides
Laurentian Pilotage Authority

Management's discussion and analysis

THIRD QUARTER (Q3)

For the nine months ended September 30, 2021

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED SEPTEMBER 30, 2021

Notice to reader

The current report covers the LPA's activities and financial situation for the six-month period ended September 30, 2021. You should read this report in conjunction with the unaudited financial statements for the nine-month period ended September 30, 2021, and with the audited financial statements for the financial year ended December 31, 2020. These financial statements were established and are presented following IFRSs and are included in the LPA's 2020 Annual Report.

1. **Analysis of financial results**

COMPARISON WITH THE 2021 BUDGET

REVENUES

Pilotage charges

Pilotage charges amounted to \$ 62 million for the nine-month ended September 30, 2021, versus \$ 68.3 million for the corresponding budget period. This deterioration of \$6.3 million is due to a decrease in assignments compared to the budgeted traffic, caused by the COVID-19 situation and by the variation in the type of vessels with different margins. Including revenues from pilot boats, total pilotage charges amounted to \$70.5M for this nine-month period.

Other revenues

The LPA's other revenues totalled \$ 115 654 for the nine-month ended September 30, 2021 compared to \$ 180 000 for the corresponding budget period. This unfavourable difference originates, mainly, from a variation in the current account and lower interest rate.

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EXPENSES

Pilot fees

Pilot fees have reached \$ 57.5 million for the nine-month ended September 30, 2021, compared to \$ 62.4 million for the corresponding budget period. The favorable variance is due to a decrease in assignments compared to the budgeted traffic, a variation in the type of traffic, which affected the fees, and a variation in our margins.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$ 7.5 million for the nine-month ended September 30, 2021, compared to \$ 8.1 million for the corresponding budget period. The variance in operating costs is mainly due to the variation in the number of transhipments.

Administrative and operational expenses

Administrative and operational expenses totalled \$ 7.5 million for the nine-month ended September 30, 2021, compared to \$ 7.9 million for the corresponding budget period. No significant variance is therefore recognized.

COMPARISON WITH THE 2020 FINANCIAL YEAR

REVENUES

Pilotage charges

Pilotage charges amounted to \$ 62 million for the nine-month ended September 30, 2021, versus \$ 59.1 million for the corresponding period last year. This favorable variance is due to a variation in the traffic in general and the variation in the size, types of vessels and types of voyages. Overall, these variations are related to market realities in the face of the pandemic crisis.

Other revenues

The LPA's other revenues totalled \$ 115 654 for the nine-month ended September 30, 2021, in line with \$ 126 971 for the corresponding period last year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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EXPENSES

Pilot fees

Pilot fees have reached \$ 57.5 million for the nine-month ended September 30, 2021, compared to \$ 55.3 million for the corresponding previous year period. This variance originates from the variation in the type of traffic that affected the pilot fees.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$ 7.5 million for the nine-month ended September 30, 2021, versus \$ 7.7 million for the corresponding period of the previous year. The variance in operating costs is mainly due to variance in the number of transshipments.

Administrative and operational expenses

Administrative and operational expenses totalled \$ 7.5 million for the nine-month ended September 30, 2021, compared to \$ 7.1 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 2020 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, they have not significantly changed since the preparation of the LPA's 2021-2025 Corporate Plan. During its last strategic planning in summer 2021, the LPA has carried out a full update of operational and strategic risks, which has been integrated into the 2022-2026 Corporate Plan. An update of this risks analysis will be made within the actual year.