



Administration de pilotage des Laurentides
Laurentian Pilotage Authority

Management's discussion and analysis

THIRD QUARTER (Q3)

At September 30, 2022

LAURENTIAN PILOTAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED SEPTEMBER 30, 2022

Notice to reader

The current report covers the LPA's activities and financial situation for the nine-month period ended September 30, 2022. You should read this report in conjunction with the unaudited financial statements for the nine-month period ended September 30, 2022 and with the audited financial statements for the financial year ended December 31, 2021. These financial statements were established and are presented following IFRSs and are included in the LPA's 2021 Annual Report.

1. **Analysis of financial results**

COMPARISON WITH THE 2022 BUDGET

REVENUES

Pilotage charges

Pilotage charges amounted to \$68.1M for the nine-month period ended September 30, 2022 versus \$69.6M for the corresponding budget period. After 9 months, pilotage charges are \$1.47M lower than budgeted. Of this amount, container ships generated less pilotage charges of \$2.11M (-11.6%) and oil tankers less charges of \$0.44M (-2.0%). Ro-ro vessels were lower by \$0.25M (-20.1%). However, charges were higher than expected for bulk carriers (\$0.79M / +3.9%), passenger vessels (\$0.4M / +25.8%) and vessels carrying general cargo (\$0.24M / 5.9%). Including revenues from pilot boats, total pilotage charges amounted to \$77.8M for this nine-month period.

Other revenues

The LPA's other revenues totalled \$156 301 for the nine-month period ended September 30, 2022 compared to \$129 000 for the corresponding budget period. This favourable difference originates, mainly, from a higher interest rate.

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EXPENSES

Pilot fees

Pilot fees have reached \$60.5M for the nine-month period ended September 30, 2022 compared to \$62.0M for the corresponding budget period. The favorable variance is due to a variation in the type of traffic, which affected the fees, and a variation in our margins and to the impact of the contract renegotiation with the Corporation of Lower St. Lawrence Pilots currently underway.

Operating costs of pilot boats

Operating costs of pilot boats amounted to \$8.6M for the nine-month period ended September 30, 2022, compared to \$8.5M 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 \$7.7M for the nine-month period ended September 30, 2022 compared to \$8.5M for the corresponding budget period. The main favorable variance is due to the amortization related to the postponed delivery of the some of the fixed assets purchased.

COMPARISON WITH THE 2021 FINANCIAL YEAR

REVENUES

Pilotage charges

Pilotage charges amounted to \$68.1M for the nine-month period ended September 30, 2022 versus \$62.0M 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, a slight increase in traffic and the increase of the tariffs.

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Other revenues

The LPA's other revenues totalled \$156 301 for the nine-month period ended September 30, 2022 versus \$115 654 for the corresponding period last year. This favourable difference originates, mainly, from a higher interest rate.

EXPENSES

Pilot fees

Pilot fees have reached \$60.5M for the nine-month period ended September 30, 2022 compared to \$57.5M 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 \$8.6M for the nine-month period ended September 30, 2022 versus \$7.5M for the corresponding period of the previous year. The variance in operating costs is mainly due to the number of transshipments, which varies according to the number of pilot assignments.

Administrative and operational expenses

Administrative and operational expenses totalled \$7.7M for the nine-month period ended September 30, 2022, slightly higher than the \$7.5M for the corresponding period last year.

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2. Risk analysis

No major change in the risk analysis of the Authority's operations has occurred since the preparation of its 2021 Annual Report.

Regarding the Authority's operational and personnel activities, they have not significantly changed since the preparation of the LPA's 2022-2026 Corporate Plan. A full update of the Company's operational and strategic risks was conducted in 2021 and reviewed by management during the strategic planning exercise in the summer of 2022.