



2018 ANNUAL REPORT





6600 Quai-Marcel-Dionne Road
La Baie (Quebec)
G7B 3N9 CANADA

Phone : 418 697-0250
Fax : 418 697-0243

info@portsaguenay.ca
www.portsaguenay.ca

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2018

BOARD OF DIRECTORS AND MANAGEMENT



Stéphane Bédard

Appointed by the City of Saguenay;
In office since December 18, 2017, *second term*;
CHAIRMAN



Lauraine Gagnon

Appointed by the Governor in Council on the recommendation of the users; In office since May 31, 2015, *second term*;
SECRETARY-TREASURER



Marie-Christine Larouche

Appointed by the Governor in Council on the recommendation of the users; In office since November 1, 2018, *first term*;
DIRECTOR



André Tremblay

Appointed by the Governor in Council on the recommendation of the users; In office since November 1, 2018, *first term*;
DIRECTOR



Arthur Gobeil

Appointed by the Governor in Council on the recommendation of the users; In office since December 11, 2018, *first term*;
DIRECTOR



Jean-Pierre Boivin

Appointed by the Government of Quebec on the recommendation of the provincial Minister of Transport; In office since January 31, 2019, *first term*;
DIRECTOR



Carl Laberge

GENERAL MANAGER

OUTGOING MEMBERS



Martial Bouchard

Appointed by the Governor in Council on the recommendation of the users; In office since December 11, 2009, *third term*;
END OF TERM IN DECEMBER 2018.



Ursula F. Larouche

Appointed by the Government of Quebec on the recommendation of the provincial Minister of Transport; In office since October 2, 2017, *first term*;
END OF TERM IN AUGUST 2018.



Lina Boivin

Appointed by the Governor in Council on the recommendation of the federal Minister of Transport; In office since December 14, 2017, *first term*;
END OF TERM IN MAY 2018.

Saguenay: A Maritime City

Once again, we – the Saguenay Port Authority (SPA) and our partners – have just had an outstanding year. 2018 was marked by growth on all fronts, while the SPA achieved some very impressive results, whether in terms of the tonnage handled at the Grande-Anse marine terminal or thanks to the record number of passengers who arrived at the cruise terminal in La Baie. If the Port of Saguenay continues to shine thanks to its activities, it is without a doubt the spectacular advances made with respect to the various industrial port development projects in which the port is the keystone that will have distinguished this past year. These are promising, strategic projects which have the potential to define the Port of Saguenay in the future and pave the road to development for this strategic asset and the entire region.

Major Projects

Substantial progress was made in 2018 on several major projects involving the Port of Saguenay that have been in development for years now.

BlackRock Metals (BRM)

BlackRock Metals' project advanced by leaps and bounds.

The company has a goal of establishing an iron-vanadium mine in Chibougamau and constructing a metals processing plant in Saguenay's IP area, which is a project with a total value of over 1 billion dollars. BlackRock Metals has confirmed the use of the railway as a means of transporting its concentrate, reflecting the importance of the work completed in recent years by the SPA. The company also completed the BAPE's process, which

published a favourable report in November, following its assessment of the project. Furthermore, the government of Quebec has confirmed its interest by announcing \$180M of funding in the form of capital investment in and loans for the project at a press conference which took place at the Port of Saguenay in August.

Énergie Saguenay – GNL Québec

GNL Québec furthered its efforts to establish its LNG plant at Grande-Anse, a project valued at nearly 10 billion dollars.

The company completed its environmental assessment studies and presented an outline of its updated project following consultations with the community that were conducted in recent years. The company Gazoduq inc. will be responsible for creating the 750 km

natural gas pipeline which is to be built between the future Saguenay plant and Ontario. Gazoduq was very active in 2018 in launching extensive consultations in various parts of Quebec and Ontario in order to chart its path.

Infrastructure for the IP Zone

In August, the government of Quebec announced a package of \$63M in the form of loans and loan guarantees to Développements Port Saguenay (DPS), a subsidiary of the Port Authority, in order to allow for high-capacity natural gas and electrical infrastructure to be established, which will support the development of the IP Zone and serve BlackRock Metals. Furthermore, the City of Saguenay approved a memorandum of understanding in December that aims to establish a process water supply network for clients of the IP Zone.



A Marine Terminal on the North Shore

Since 2014, the Port of Saguenay has been working on developing a new marine terminal on the North Shore. It is an essential item of infrastructure that will allow for the construction of mining company Arianne Phosphate's apatite mine project, which is worth a total of approximately \$1.2 billion dollars.

The project aims to produce and ship by sea-going vessel some 3 million tonnes of apatite concentrate each year. Following confirmation of the cross-referencing between the environmental assessment filed with the Canadian Environmental Assessment Agency (CEAA) and the various analyses and consultations that were conducted with respect to this project, Canada's Environment and Climate Change Minister, the Honourable Catherine McKenna, authorized the project's execution in

October. In her decision, the minister confirmed, among other things, that pursuant to the notices issued by the Expert Support Departments, the project is unlikely to have any significant negative impact on the environment, including on the St. Lawrence's beluga whale population. Arianne Phosphate's project also made major progress by obtaining, for example, firm commitments from clients that they will purchase part of the future output.

A New Shipping Terminal for Wood Pellets

In December, the company Barrette-Chapais began preparatory work at the Grande-Anse marine terminal for the construction of a storage and shipping site for wood pellets destined for European markets. The pellets will be made in a new plant on which construction began in June that is part of the company's sawmill in Chapais. Once completed, the Grande-Anse facilities, valued at 17 million dollars, will allow for the shipping of approximately 200,000 metric tonnes of industrial grade pellets, which will be used to replace coal in electricity production in the United Kingdom.

Saguenay: One of the St. Lawrence's Most Important Port of Call

The Port of Saguenay had a record-breaking year with respect to international cruise ship activities at the Bagotville wharf.

2018 allowed the Port and its partners in facilities operations, the City of Saguenay and Promotion Saguenay, to reach unprecedented numbers of visitors. In fact, more than 57,000 passengers on 56 ships discovered the region through the world class port infrastructure. This was a great marker of success which allowed Saguenay to position itself as the third most important port of call on the St. Lawrence, after Quebec City and Montreal. The legendary local hospitality, in particular the incredible work of volunteers with La Fabuleuse histoire d'un royaume, went a long way to charm travellers and leave them with unforgettable memories of the region.

One of the highlights of this past cruise season is the arrival of a ship of the prestigious Disney Cruise Line in Saguenay during its first call at a Quebec port. On September 24, hundreds of locals and visitors took part in the arrival, with great fanfare, of the M/V Disney Magic and its 1,752 passengers. It was a great outing for families and an opportunity to discover the renowned ship and its famous characters, notably thanks to the festivities organized by Promotion Saguenay.

This year, the City of Saguenay invested more than 6 million dollars in order to consolidate the infrastructure for receiving shuttles by adding floating dock sections and a floating breakwater, with the aim of improving visitors' experiences and increasing the capacity



to receive cruise passengers. Investments were also made in order to update the icebreaker system that protects the Port's infrastructure during the winter.

A Port Engaged in the Heart of Its Community

The Port of Saguenay has once again shown its commitment to its community this year by being heavily involved with several non-profit organizations. **The Port of Saguenay supported more than 42 organizations in the region in 2018 by participating in various charitable activities.**

Once again, the Port of Saguenay capitalized on its annual golf tournament to provide financial support to a Saguenay-Lac-Saint-Jean organization. The Fondation Jean Allard was chosen for 2018; it is an organization that supports families of children affected by autism spectrum disorder (ASD).

In the spirit of promoting education and arousing curiosity, the Port of Saguenay is a proud sponsor of the Musée du Fjord's conference cycle, which allows the people of La Baie to have free access to a variety of conferences covering a range of subjects that are of interest to them.

As a sign of its reach beyond the region, the Port of Saguenay took part in the Défi Kayak Desgagnés, which took place on the St. Lawrence between Montreal and Quebec City, together with several other representatives of the marine industry. This event, which was organized by Jeunes Musiciens du Monde, supports troubled youth by providing them with free music lessons.

Furthermore, the Port of Saguenay showed its commitment to and leadership in the region's economy through its involvement with economic development organizations. The Port's General Manager and CEO, Carl Laberge, was elected last August to the position of President of Saguenay-Le-Fjord's Chamber of Commerce and Industry (CCISF). The Port is also very active in several other organizations, such as the Association of Canadian Port Authorities (ACPA) and the American Association of Port Authorities (AAPA),



the St. Lawrence Economic Development Council (SODES), and the Fédération des chambres de commerce du Québec (FCCQ), Quebec's federation of chambers of commerce.

Sustainable Development and Environment

With its firmly anchored values of environmental protection and respecting communities, the Port of Saguenay continued its efforts to improve its performance and engagement with respect to sustainable development.

As a participant from the outset in Green Marine, the first environmental certification program dedicated to the marine industry in North America, the Port succeeded not only in maintaining its certification but also in improving its performance in this area. The SPA also wishes to highlight BRM's decision to use the most environmental solution to deliver the concentrate to its Saguenay facilities. The SPA became further

involved with respect to local communities by sitting on the Saguenay-Charlevoix IPZ's board of directors as well as participating in different consensus-building activities. The Port is particularly aware of the impacts of navigation on the Saguenay river and is involved with various stakeholders in the area in order to minimize these impacts and promote healthy cohabitation on the Saguenay.



Activities at Grande-Anse and Financial Results

The tonnage handled at the Grande-Anse marine terminal increased significantly in 2018, to a total of 369,020 metric tonnes, which represents an increase of more than 13% over the previous year.

This growth is largely due to the increase in volume of aluminum and road salt handled at the Port since other cargo volumes remained fairly stable. These products, primarily destined for the region's industries, were transported on board the 60 ships that docked at the Marcel-Dionne wharf throughout the year.

2018's financial results clearly reflect the recorded increase in seaborne traffic and marine activities. Indeed, operating revenues grew by 20% to reach \$3,822,821. Sound management and rigorous control of expenses resulted in a net profit of \$1,164,200. This marked an increase of more than 37% from 2017.

Teamwork Brings Results

Thanks to teamwork on every level, the Port had a year marked by outstanding growth and success.

These great advances are the result of cooperation between the Port of Saguenay, the City of Saguenay and Promotion Saguenay, the Government of Quebec, the Government of Canada, community organizations, the different promoters and the local citizenry. This synergy between the Port's partners is precious. It makes all the difference in seeing projects through to completion.

If we succeed in meeting such great challenges, it is thanks to the excellent quality and continued efforts of the Port of Saguenay's employees. Because of their dedication and hard work, they are the heart and soul of our organization.

The Port of Saguenay wishes to specifically thank all the members of its Board of Directors for their constant involvement. The Port also wishes to express particular thanks to Mr. Martial Bouchard, who acted as a member of the Board of Directors for the last nine years and as its President in 2018. He therefore made an active contribution to this year's success. Mr. Bouchard's mandate ended in December. It is also important to mention and thank



Ms. Ursula Larouche and Ms. Lina Boivin, whose mandates ended in 2018. Last but not least, the Port would like to highlight the appointments, which occurred late in the year, of Ms. Marie-Christine Larouche, Mr. André Tremblay and Mr. Arthur Gobeil. Their contributions have already been remarkable and will be vital over the coming years.

Setting a Course for 2019: a Year of Great Projects

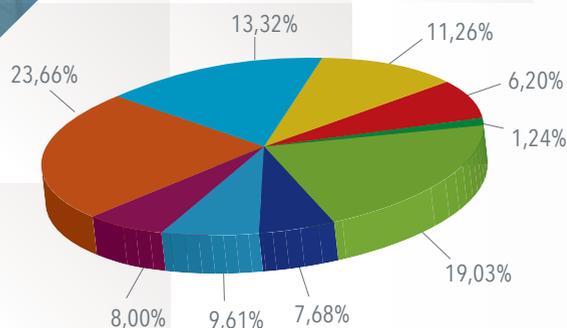
With all the cornerstones that have been laid in recent years and particularly in this past year, 2019 is on course to be full of extensive development for the Port of Saguenay.

It will definitely be a year of great projects with the construction of a Barrette-Chapais pellet storage site already well underway and the start of work on BlackRock Metals' plant. Major infrastructure projects in the industrial port zone, namely those that will provide Grande-Anse with electricity, natural gas and process water, will be added to this list. In cooperation with its partners and the community, the Port is bringing together all the necessary ingredients to reach its goals of responsible and sustainable development and to build a future filled with opportunities for generations to come. Its mission and vision remain, as ever, to allow the implementation and completion of projects while respecting the environment and to contribute to the region's economic prosperity and diversification.

STÉPHANE BÉDARD
Chairman of the Board

CARL LABERGE
General Manager & CEO

Breakdown of volumes by products (MT)



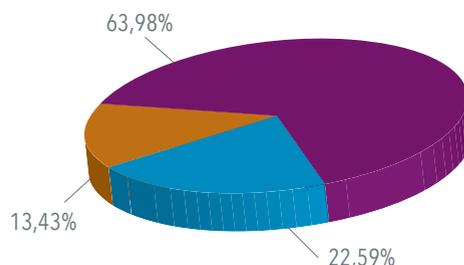
De-icing salt	87 317
Liquide Pitch	49 138
Coal	41 572
Anodes	22 866
Brick	4 560
Fluorspath	70 237
Others	28 337
Aluminum	35 480
Kaolin	29 513

Summary of consolidated statement of comprehensive income For the year ended December 31

		2018	2017
REVENUES	Port services	\$ 1 136 787	\$ 945 388
	Rentals	1 440 286	1 252 160
	Management revenues	607 913	454 050
	Other services	637 835	528 137
		3 822 821	3 179 735
EXPENSES	Salaries and fringe benefits	816 069	803 913
	External fees - mooring and security	471 843	380 657
	Professional and consulting fees	339 819	90 312
	Equipment repairs and maintenance	236 188	212 579
	Payments in lieu of property taxes	124 142	129 313
	Other operating and administrative expenses	280 024	346 617
	Reversal of provision for payments in lieu of property	455 389	430 255
		2 723 474	2 393 646
	EARNINGS FROM OPERATION	1 099 347	786 089
OTHER REVENUE	Interest revenues	145 011	125 747
	Loss on disposal of investments	(801)	-
	Fees on gross revenues	(79 357)	(66 110)
		64 853	59 637
	NET EARNINGS	1 164 200	845 726
OTHER COMPREHENSIVE INCOME	Items that will not be subsequently reclassified to net earnings		
	Remeasurement of defined benefit obligation	(27 300)	(46 500)
	COMPREHENSIVE INCOME	\$ 1 136 900	\$ 799 226

Breakdown of volumes by category (MT)

■ Liquid bulk.....	49 557
■ Dry bulk	236 109
■ General goods.....	83 354



Summary of consolidated statement of financial position As at December 31

		2018	2017
ASSETS			
CURRENT ASSETS	Cash and cash equivalents	\$ 955 907	\$ 1 355 735
	Trade and other receivables	1 503 752	1 046 234
	Grants receivable	610 000	580 000
	Current portion of investments	676 258	440 596
	Prepaid expenses	32 097	25 789
		<u>3 778 014</u>	<u>3 448 354</u>
ACTIFS NON COURANTS	Grants receivable	2 660 000	3 270 000
	Investments	5 467 621	5 100 048
	Property, plant and equipment	18 581 454	17 734 446
	Defined benefit asset	2 400	8 000
		<u>\$ 30 489 489</u>	<u>\$ 29 560 848</u>
LIABILITIES			
CURRENT LIABILITIES	Trade and other payables	\$ 759 584	\$ 642 930
	Deferred revenues	528 813	293 263
	Current portion of long-term debt	610 000	580 000
		<u>1 898 397</u>	<u>1 516 193</u>
NON-CURRENT LIABILITIES	Long-term debt	2 660 000	3 270 000
	Accrued social benefits	136 086	116 549
		<u>4 694 483</u>	<u>4 902 742</u>
CAPITAL			
	Contributed capital	13 999 183	13 999 183
	Retained earnings	12 361 923	11 197 723
	Accumulated other comprehensive income	(566 100)	(538 800)
		<u>25 795 006</u>	<u>24 658 106</u>
		<u>\$ 30 489 489</u>	<u>\$ 29 560 848</u>

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS). The complete version of the audited financial statements is available upon request.

Transit products in metric tonnes 2018

ALUMINUM received

Germany.....	58
Netherlands.....	28 821

ALUMINUM shipped

Netherlands.....	6 601
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ANODES received

Asia.....	2 732
Netherlands.....	20 134

LIQUID PITCH received

Belgium.....	49 138
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BRICK received

Germany.....	3 025
Czech Republic.....	849
Netherlands.....	686

COAL received

United States.....	41 572
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KAOLIN received

Brazil.....	29 513
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GENERAL GOODS received

Belgium.....	63
Spain.....	243
Poland.....	12 993
Sweden.....	867
Canada.....	3 329

GENERAL GOODS shipped

Belgium.....	7 470
Spain.....	163
Netherlands.....	49
Poland.....	1 091
Sweden.....	213
Canada.....	1 856

DE-ICING SALT received

Canada.....	87 317
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FLUORSPATH received

Asia.....	11 277
Mexico.....	10 000
Vietnam.....	48 960

