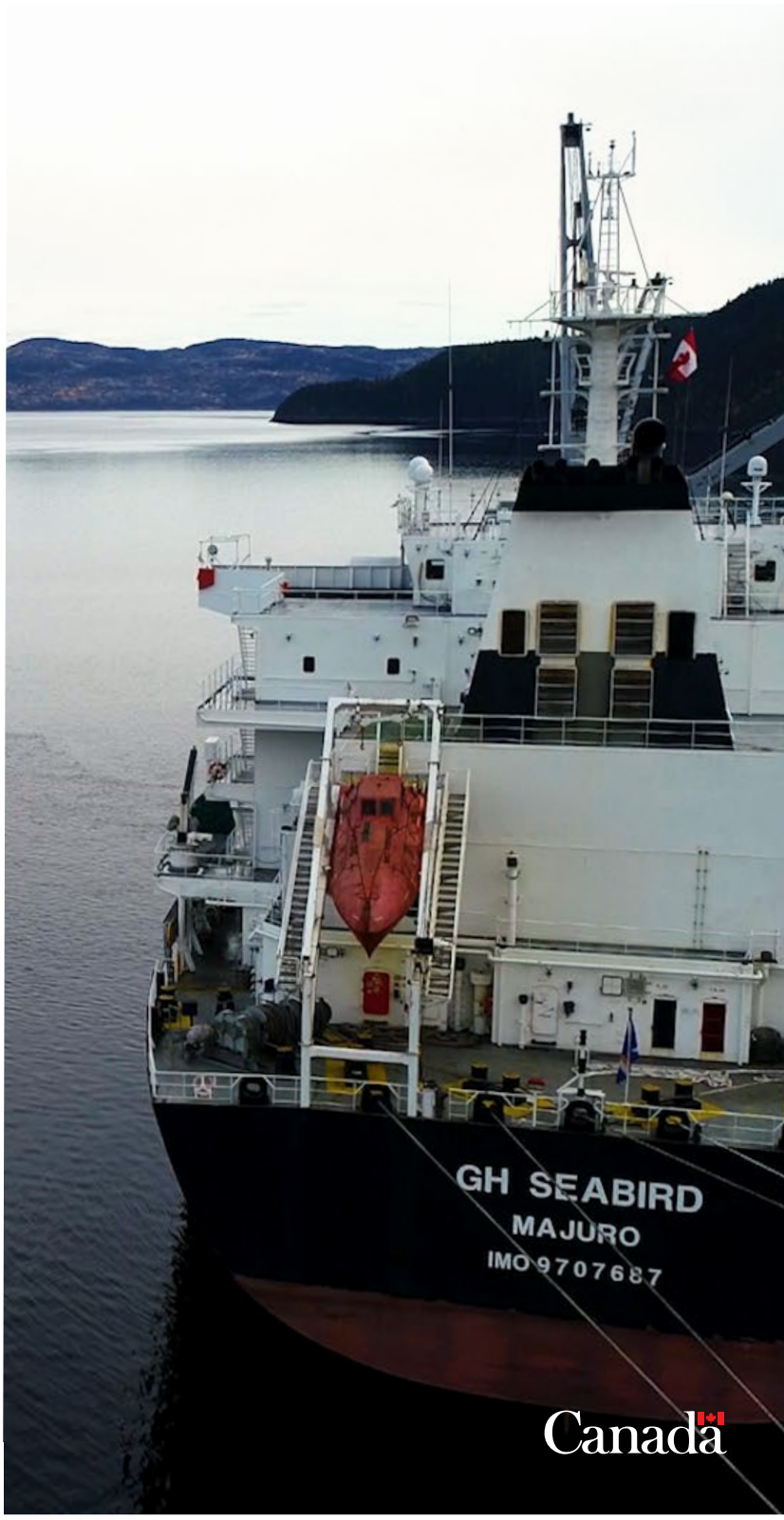
2020 Annual Report



PORT DE SAGUENAY
SAGUENAY PORT AUTHORITY

Canada

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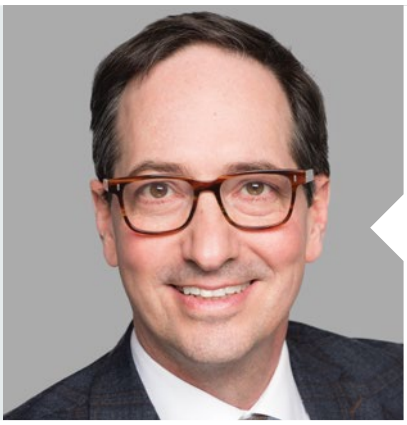
Message from management

CARL LABERGE
President and CEO
Port of Saguenay



STÉPHANE BÉDARD
Board Chairman
Port of Saguenay

Ever since the foundation of Saguenay–Lac-Saint-Jean, marine transportation has been a genuine economic mainstay for our region. Although the past year has destabilised both local and global economies, it has also emphasised the strategic role Port of Saguenay plays in the regional ecosystem.

While the pandemic has had dramatic effects across all markets, including transportation, Port of Saguenay continued to perform. The Saguenay marine channel has once again proven to be the region's backbone, all the while maintaining supply lines to various industries, as well as direct access to international trading routes.

Despite the shutdown of the cruise season and economic uncertainties as a result of the pandemic, Port of Saguenay recorded excellent performances. The Port of Saguenay rail connection, inaugurated in 2015, had a very busy year. Moreover, thanks to its forest biomass clients, Saguenay has become a major wood pellet shipping hub to European markets.

The last year has been an opportunity to take a close look at how we do things, and how we can do better. This commitment to act responsibly became so much more significant in 2020, and the Port team and governing body responded with a new strategic planning exercise.

Driven by the dynamic desire to develop its industrial-port zone (IP zone) in a sustainable manner, a structuring project strongly backed by the community, our team looks to make the most of Port of Saguenay's key strengths in order to redefine the way large-scale developments are planned and achieved. The coming years will allow us to make our mark in this, to design a unique sustainable development signature and to export it on a global scale.

Finally, I would like to thank our Board of Directors for their steadfast commitment to our organisation's success.

Although the year 2020 has left an indelible mark, Port of Saguenay was able to stay the course with strong performances both in terms of tonnage and financial results. In the midst of an unprecedented pandemic, these results deserve to be highlighted and are a source of pride for the entire Saguenay–Lac-Saint-Jean region. Our organisation demonstrated its essential nature, as well as its well-known agility in making sure the regional supply chain continued to flow smoothly.

Several projects made progress on the Port of Saguenay strategic site over the past year. For example, the multiuser conveyer reached new engineering milestones. When completed, this new infrastructure will not only improve our service offer, it will enable us to create more growth and meaningful jobs for our community.

The Board of Directors collaborated with management, keeping a close eye on the evolution of the various projects, as well as Port operations. Cooperation between the employees and the Board in the newly developed strategic plan allowed to bring the entire team together around a new tactical vision for the coming years.

This long-term developmental outlook is the Board's focal point. Port of Saguenay plays a pivotal role for the region, both on the economic and social fronts. Responsible development is at the foundation of everything we do.

Finally, I want to acknowledge the efforts deployed by our dynamic team and my colleagues on the Board who, despite a year punctuated with upheavals, were able to stand firm and maintain an unwavering level of motivation and commitment. This is the type of implication that irrefutably underlies Port of Saguenay's continued success.

Board of Directors

STÉPHANE BÉDARD

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

ANDRÉ TREMBLAY

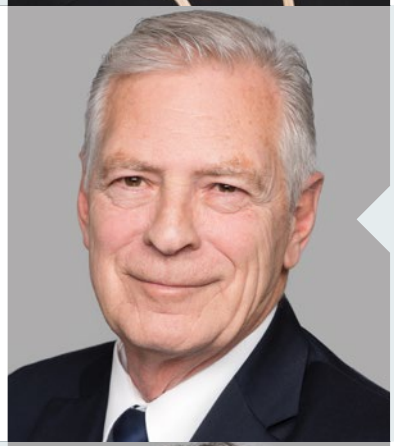
Appointed by the Governor in Council on the recommendation of the users;
In office since November 1, 2018,
first term;
VICE CHAIRMAN

LAURAINE GAGNON

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

DOMINIQUE GIRARD

Appointed by the Government of Quebec on the recommendation of the provincial Minister of Transport;
In office since December 12, 2019,
first term;
DIRECTOR

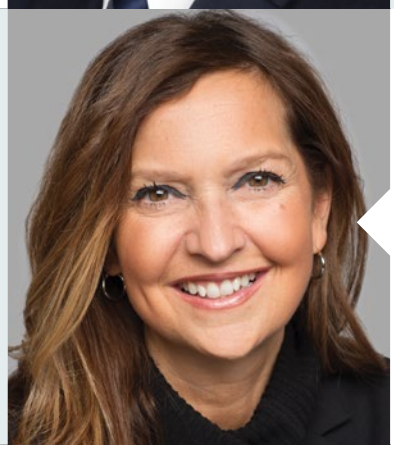


ARTHUR GOBEIL

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 Governor in Council on the recommendation of the federal Minister of Transport ;
In office since January 31, 2019,
first term;
DIRECTOR



MARIE-CHRISTINE LAROUCHE

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

A year marked by railways and wood pellets

Port of Saguenay had a busy year; the pandemic did not hamper the flow of goods at the facility. Indeed, thanks to its strategic location, the Grande-Anse terminal continued to sustain large regional companies with the import and export of great quantities of raw materials. Thus, 548,500 metric tons of goods were handled at Marcel-Dionne wharf, or about 15% less than the previous year. The small drop can be attributed to the record amounts of salt received back in 2019, 232,000 tonnes of which were transferred from ship to ship for delivery to the Great Lakes area. In the end, 71 ships of all sizes dropped anchor at Port of Saguenay, a similar number to the previous year. Thank you to the stevedores who did an exceptional job in difficult conditions and who have maintained terminal activities safe this year.

The new railroad to the industrial-port zone resulted in a significant increase of in-coming and out-going railway cars. Over 1,000 train cars visited the intermodal IP zone, including a notable 52,000 tonnes of anodes destined to Rio Tinto facilities for pot rebuilds. The Port also received refractory bricks, also used in these major operations.

Indeed, Rio Tinto activities led to the import of great quantities of anodes through the Grande-Anse terminal, and export of aluminium produced in regional smelters. Although generally shipped to North American clients, this aluminium was directed to European markets thanks to Port of Saguenay's strategic location. This further provides Port users with opportunities to diversify their export business through access to global trade routes.

The past year also gave Port of Saguenay a chance to enhance its position as one of Quebec's biggest wood pellet terminals with in excess of 127,000 tonnes shipped to global markets. Indeed, having completed the construction of its two storage silos, the company Granule 777, a Barrette-Chapais branch, made its first shipment last April. Port of Saguenay is especially proud to be associated with this project. The forest biomass produced by Granule 777 is shipped to the United Kingdom and replaces coal in large-scale power generation. The project helps to reduce GHG emissions on a global scale.

A developmental vision based on a new strategic planning process

The Saguenay Port Authority (SPA) conducted a major strategic planning exercise in 2020. The Board of Directors, along with the Port management committee and entire workforce, were invited to take part in an exchange and reflection process around the Port's new directions.

In addition to having redefined its mission and new organisational values, the Port now endorses new areas of focus and ambitious goals. The undertaking led to a general agreement that the Port needs to augment its operations within a sustainable development framework, including the elaboration of correlated supportive tools and actions.

The strategic planning process was also an opportunity to define new business development targets directed at large, global-scale industrial projects. To this end, collaboration with Promotion Saguenay, Saguenay City and the Quebec Government will be continuous over the coming years. This concerted push will feature the exceptional location that is Saguenay, and promote the strategic benefits of our industrial-port zone for various industries, including metallurgy.

COVID-19 :

Strict measures and cancellation of the cruise season

Like most organisations worldwide, operations at Port of Saguenay facilities were disrupted by the pandemic. Strict preventive measures were quickly implemented in March, in cooperation with all key operators and users. Port of Saguenay worked closely with Transport Canada and Saguenay–Lac-Saint-Jean health authorities (CIUSSS) in assessing all potential developments. Together, these actions made it possible to prevent contamination, as no cases or outbreaks were reported across all Saguenay Port Authority facilities.

The pandemic had a far greater impact on the tourist industry, and especially international cruises, as all 64 Saguenay stopovers were cancelled. As a result, 94,000 passengers and crew members were prevented from discovering the region and its main tourist attractions, at enormous cost to the regional tourism community and local shopkeepers.

The Port team took a proactive approach and continued its involvement throughout the year, notably by participating in the creation of the Association of Canadian Port Authorities' Cruise Committee. The Committee is laying the groundwork to restart the cruise sector as soon as possible, in a safe environment.

Great strides for the development of the IP Zone

The year 2020 saw the progression of a large-scale project that has been central to the SPA for many years: the multiuser conveyer. In line with the ongoing development of large-scale industrial projects in Saguenay–Lac-Saint-Jean, the SPA is building a mechanised freight transport infrastructure that will replace most of the bulk goods trucking at the site. The system aims to achieve key objectives, such as transport electrification, the reduction of noise and dust emissions due to trucking, as well as increased production and storage capacity at the Port. The promising project will help to consolidate Port of Saguenay's position and competitiveness with a high-performance transport solution for its current and future clients.

This year, several partners have joined the project, leading to active advancement. A regional engineering supplier was brought on board to help define the project and carry out preliminary engineering. Biological inventories were also initiated along the conveyer's proposed route, thus laying the groundwork for subsequent steps in 2021.

Private projects looking to set up operations in the IP zone also moved forward. After some delays, GNL Quebec's Énergie Saguenay Project finally passed through public hearings held by the BAPE. Port of Saguenay took part in the hearings to provide expertise on topics concerning navigation. The Port also filed a memorandum for the project.

BlackRock Metals continued its funding venture. In august, the company also signed an agreement with three Innu nations: the Mashteuiatsh community in Lake St. Jean, and the Pessamit and Essipit communities in the Côte-Nord region. Moreover, the company continued its land and wildlife surveying work in the IP zone, in constant collaboration with Port of Saguenay.

For its part, Arianne Phosphate focused its efforts on project financials, along with project enhancement. Port of Saguenay supported the company with series of consultations for the implementation of the North-Shore Marine Terminal.

In June, the regional company Charl-Pol, specialising in mechanically welded parts and components, announced its plan to build a factory in the industrial-port zone of Saguenay. The facility would create an opportunity for the company to make its mark in the naval construction industry with the ability to supply the Davie Shipyard, located in Quebec City, by ship.

The Port, in collaboration with Promotion Saguenay, continued to work on plans for its service infrastructures, moving forward with water treatment and fire protection facilities, as well as land management and IP zone access.

The year 2021 is expected to be pivotal in terms of further developing the Port's industrial-port zone, recognised as one of the largest in Canada.

A Port "*tightly woven*" with its community

The past year has more than ever underscored the importance of mutual help. The pandemic destabilised the social and economic balance of numerous regional families, retailers and entrepreneurs.

Wanting to draw attention to the importance of community organisations during critical times, and to encourage local businesses, the Port launched the "Tissé serré" (tightly woven) campaign for the Holiday Season.

To that end, our employees visited some twenty organisations on the eve of Christmas, bringing comfort with locally made, tasty-sweet doughnuts, but especially to thank the dedicated people involved in these groups.

The Port also asked local artisans to knit fifty pairs of wool socks to be handed out to customers and partners from outside the region as a way to highlight local knowhow.

Our team and our local clientele were not forgotten however. They were invited to take part in a "gourmet discovery circuit" in the La Baie Borough, bringing tens of people to visit local businesses, with treats offered at every call.

Symbolic of its strong ties to the community, Port of Saguenay pursued its involvement all year long with financial support for more than 40 Saguenay–Lac-Saint-Jean organisations.

Robust regional collaboration

Port of Saguenay's strategic role as a driver of regional development was once again highlighted in 2020. Indeed, on the heels of a hearing on economic recovery, initiated by the Quebec Government, led by Hub Saguenay–Lac-Saint-Jean and in which nearly 400 organisations participated, singled out the industrial-port zone of Saguenay and its infrastructures as the top regional priority.

Also, the Port had the chance to receive a visit from Mr. Pierre Fitzgibbon, Minister of Economy and Innovation, and Mr. François Tremblay, Member of Parliament for Dubuc, to discuss current projects.

Port of Saguenay would like to thank its partners who work together in developing the industrial-port zone and Saguenay's positioning in the cruise industry. They are also engaged in promoting marine shipping as part of regional development efforts. They are: Saguenay City, Promotion Saguenay, Government of Quebec, Government of Canada, Fjord-du-Saguenay Regional County Municipalities, Saguenay-Le Fjord Chamber of Commerce and Industry and CMAX, to name but a few.

Sustainable development:
A Port of Saguenay top priority

Port of Saguenay attaches great importance to environmental protection and sustainable development. As a result of the new strategic planning process implemented with the Board of Directors, a new management position was created to lead sustainable development efforts. Mr. Frédéric Lebrun was designated to head this key strategic role, which will become central to all future development operations and activities at the Port.

Port of Saguenay wants to establish its position as leader of sustainable industrial-port development. Moreover, the Port is a founding member of Green Marine, an environmental certification program for the North American marine industry.

Thus, Port of Saguenay is initiating a wide-ranging sustainable development process with the support of the Centre québécois de développement durable (Quebec Centre for Sustainable Development). This is part of a firm commitment to provide the organisation with a sustainable development policy and action plan in 2021, as formulated by the Port's Environment Committee.

In addition to this new direction, several actions have already been put forward by Port of Saguenay in an effort to mitigate the environmental impacts of port operations, and maintain strong relations with nearby residents.

The Port has also consulted stakeholders residing near the future north-shore marine terminal, which is tied to the Arianne Phosphate project. A consultation process was initiated last summer; some 600 people were invited to participate. Of that number, 130 indicated their desire to receive information about the project and take part in the process.

The Port of Saguenay Good Neighbour Committee also remained active despite the pandemic. Made up of neighbouring residents distributed among eight key sectors, the committee held three virtual meetings to discuss Port of Saguenay activities, such as operations and infrastructure projects at the port facility.

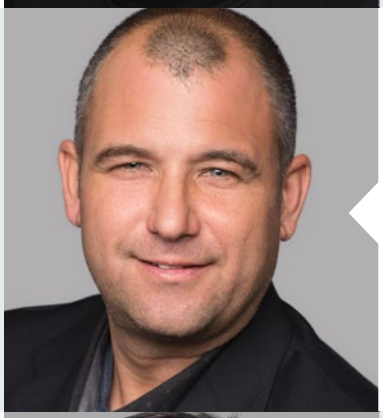
Team success

Port of Saguenay wants to acknowledge the commitment and dedication of its team members, key to the facility's continued success. The Port also sends special thanks to Patrice Maltais, who retired during the summer after having shouldered several important files for the organisation in recent years.

CARL LABERGE
PRESIDENT AND CHIEF EXECUTIVE OFFICER

STÉPHANIE DESFORGES
DIRECTOR, COMMUNICATIONS AND PUBLIC AFFAIRS

ISABELLE BLACKBURN
EXECUTIVE ASSISTANT



MARC-ANDRÉ SAVARD
HARBOUR MASTER AND DIRECTOR, OPERATIONS

FRÉDÉRIC LEBRUN
DIRECTOR, SUSTAINABLE DEVELOPMENT

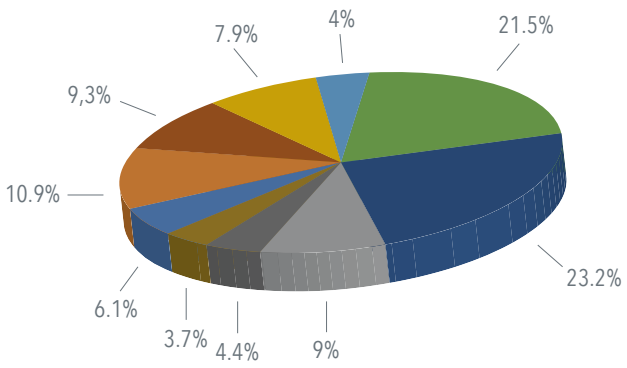
ISABELLE TREMBLAY
ACCOUNTING TECHNICIAN

ANNIE POUDRIER
DIRECTOR, FINANCE AND ADMINISTRATION

PIERRE-OLIVIER DESBIENS-GAGNON
PROJECT MANAGER

Breakdown of volume

by products (in metric tonnes)



De-icing salt	33,200
Liquid Pitch	60,000
Fluorspath	49,300
Coal	43,500
Kaolin	21,800
Anodes	118,100
Wood Pellets	127,100
Aluminum	51,100
General cargo	24,300
Brick	20,100
Total tonnage 2020	548,500

Summary of consolidated statement of comprehensive income

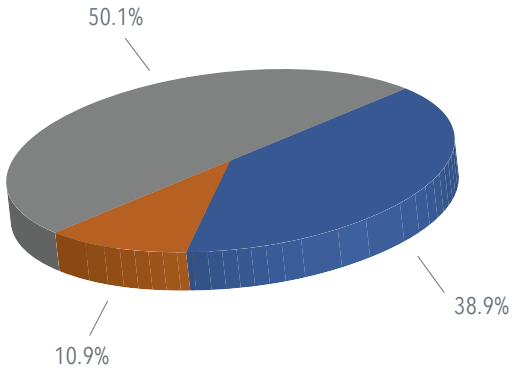
For the year ended December 31

		2020	2019
REVENUES	Port services	$ 1,928,121	$ 1,557,838
	Rentals	1,952,247	1,715,919
	Management revenues	-	447,643
	Other services	771,234	864,302
		4 651,602	4,585,702
EXPENSES	Salaries and fringe benefits	1,083,146	891,451
	External fees - mooring and security	333,237	514,829
	Professional and consulting fees	252,625	192,364
	Equipment repairs and maintenance	241,860	264,602
	Payments in lieu of property taxes	126,998	126,913
	Other operating and administrative expenses	282,168	346,417
	Depreciation of property, plant and equipment	349,519	486,578
		2,669,553	2,823,154
	EARNINGS FROM OPERATION	**1,982,049**	**1,762,548**
OTHER REVENUES (EXPENSES)	Interest revenues	158,279	196,479
	Gain (loss) on disposal of investments	42,418	(13,157)
	Fees on gross revenues	(95,232)	(96,609)
	Impairment of prior project studies	-	(305,558)
		105,465	(218,845)
	NET EARNINGS	**2,087,514**	**1,543,703**
OTHER COMPREHENSIVE INCOME	Items that will not be subsequently reclassified to net earnings		
	Revaluation of defined benefit obligation	(7,200)	(19,100)
	COMPREHENSIVE INCOME	**$ 2,080,314**	**$ 1,524,603**

Breakdown of volume

by category (in metric tonnes)

- Liquid bulk 60,000
- Dry bulk 274,900
- General cargo 213,600



Summary of consolidated statement of financial position

For the year ended December 31

		2020	2019
ASSETS			
CURRENT ASSETS	Cash and cash equivalents	$ 3,981,807	$ 3,257,229
	Trade and other receivables	1,147,523	1,682,064
	Grant receivable	650,000	630,000
	Current portion of investments	637,000	888,700
	Prepaid expenses	31,872	35,056
		6,448,202	6,493,049
NON-CURRENT ASSETS	Grant receivable	1,380,000	2,030,000
	Investments	5,826,454	5,582,136
	Property, plant and equipment	18,858,640	18,391,661
		32,513,296	**32,496,846**
LIABILITIES			
CURRENT LIABILITIES	Trade and other accounts payable	640,873	1,181,090
	Deferred revenues	297,500	1,217,572
	Current portion of long-term debt	650,000	630,000
		1,588,373	3,028,662
NON-CURRENT LIABILITIES	Long-term debt	1,380,000	2,030,000
	Accrued social benefits	145,000	118,575
		3,113,373	**5,177,237**
CAPITAL			
	Contributed capital	13,999,183	13,999,183
	Retained earnings	15,993,140	13,905,626
	Accumulated other comprehensive income	(592,400)	(585,200)
		29,399,923	**27,319,609**
		$ 32,513,296	**$ 32,496,846**

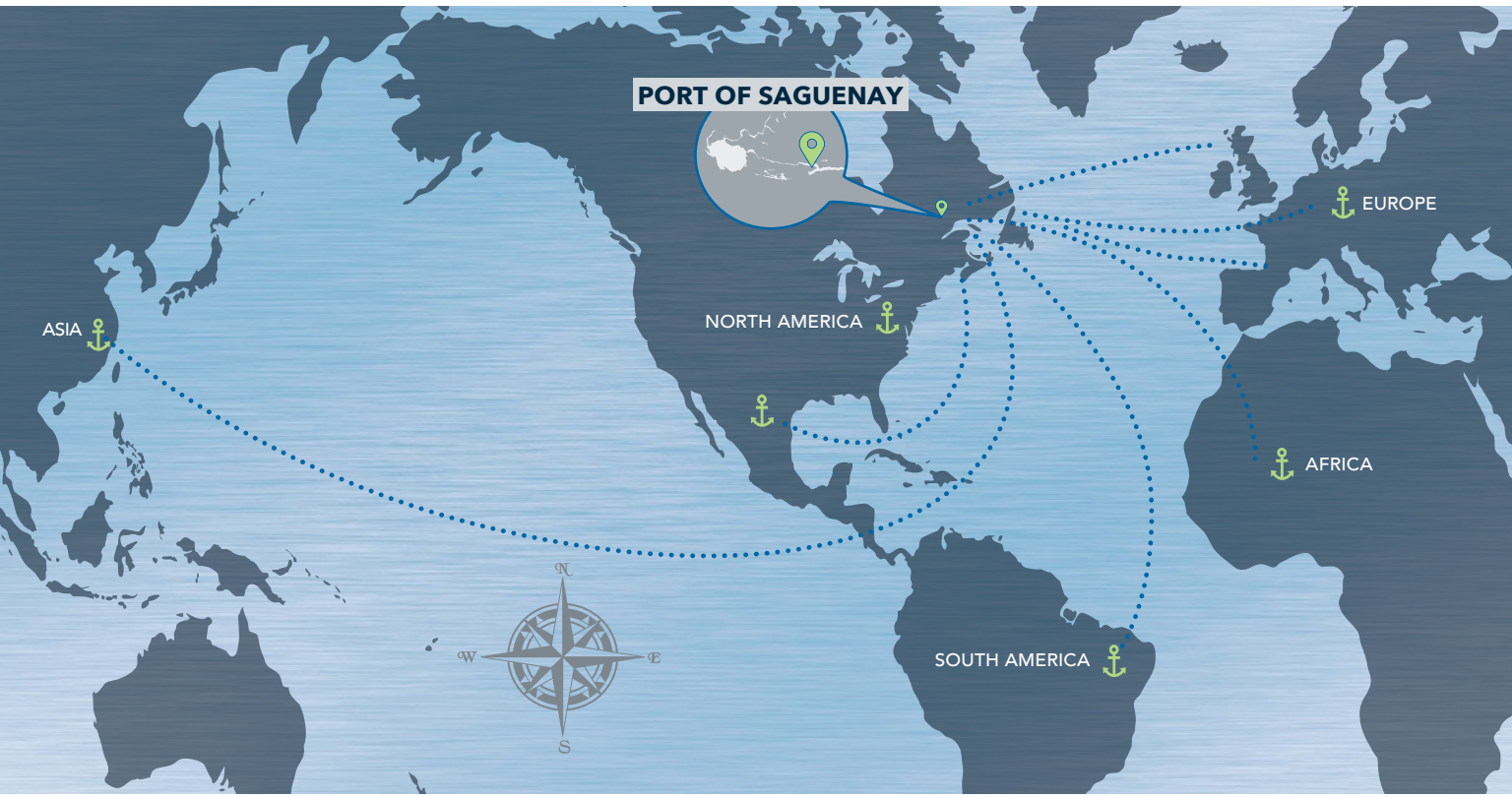
The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS).
The complete version of the audited financial statements is available upon request.

Transit products 2020

by origin / destination (in metric tonns)

Reception

ALUMINUM	**1,128**
GERMANY	38
NETHERLANDS	1,090
ANODES	**118,145**
CHINA	107,824
NETHERLANDS	10,321
GENERAL CARGO	**21,210**
DENMARK	38
NETHERLANDS	639
SWEDEN	1,010
UKRAINE	7,202
POLAND	12,321
LIQUID PITCH	**59,980**
BELGIUM	51,851
DENMARK	4,256
NETHERLANDS	3,873
BRICK	**20,133**
GERMANY	4,949
FRANCE	4,272
NETHERLANDS	10,912
COAL	**43,467**
UNITED STATES	43,467
FLUORSPATH	**49,335**
VIETNAM	49,335
KAOLIN	**21,764**
BRAZIL	21,764
DE-ICING SALT	**33,164**
CANADA	33,164
Total reception	**368,326**

Shipping

ALUMINUM	**49,943**
SPAIN	741
GREECE	29,854
NETHERLANDS	19,348
GENERAL CARGO	**3,077**
CANADA	1,263
SPAIN	262
SWEDEN	156
POLAND	1,396
WOOD PELLETS	**127,159**
ENGLAND	116,989
ITALY	10,170
Total shipping	**180,179**