



Annual general meeting – June 2021

Victor Pang, chief financial officer

Today, I'll talk about the Vancouver Fraser Port Authority's 2020 financial results.

Over the next few minutes, I will share with you some of the key highlights.

What I hope you'll take away is that, in the face of significant challenges, our financial performance remained positive in 2020, which means we are well positioned to support this region's COVID-19 recovery and to continue investing in Canada's trade for the long term.

First, let me provide some nuts about bolts about where our revenues come from.

Then, I'll talk about our 2020 financial results and capital spending.

Revenue model

Like all Canada Port Authorities, the Vancouver Fraser Port Authority is financially self-sufficient, and our operations are not funded by tax dollars.

We have two main sources of revenue.

As a landlord, we collect rental income from terminals and other tenants. Rent levels are determined based on comparable market rates.

We also collect port fees based on the traffic volume that comes to the port.

After paying for our operating expenses, we reinvest our profit back into port-related infrastructure and services

In fact, for more than a decade, the port authority has invested about 90% of our EBITDA (Earnings before interest, taxes, depreciation, and amortization) back into the gateway.

Those investments have enabled us to advance important work to increase the port's capacity and improve the flow of cargo.

We also put those investments toward acquiring industrial land, and to protecting the environment through our suite of environmental initiatives.

2020 results

As Robin mentioned, despite the unprecedented events of 2020, overall cargo volumes through the Port of Vancouver increased by 1%.

We saw some sectors experience decreases due to the COVID-19 pandemic, including the auto sector, which saw a decrease of 18% due to lower consumer spending.

And we, along with many local businesses and workers, felt the impact of the cancelled cruise season.

However, as far as cargo volumes are concerned, those decreases were balanced out by increases in other sectors.

For example, we saw record-setting volumes in sectors such as potash which saw a growth of 11% over 2019; grain, which was up by 28%; and container volumes, which increased by 2%.

In 2020, we reported consolidated revenue of \$274 million, which represented an annual decrease of \$27 million or 9%.

This decrease was due to a loss of \$21 million in cruise-related revenue, and a \$6 million gain on a settlement in 2019 that was non-operational and non-cash in nature. In other words, our 2020 revenue from operations was essentially flat to 2019 when adjusted for the cancellation of the cruise season.

EBITDA for 2020 was \$159 million, which was a decrease of \$25 million or 14%, again due to the cancellation of the cruise season.

Despite these decreases, we remain in a solid financial situation. Our strong AA credit rating was affirmed by credit rating agency Standard and Poor's during the year.

In 2020, we also made a record \$315 million in capital investments, compared to \$191 million in 2019.

The primary focus of these capital investments was in infrastructure projects to support national trade goals.

Construction and development on these projects advanced last year, making significant progress while also adhering to strict health and safety measures.

We invested, for example, in a suite of road and rail projects across the Lower Mainland.

These projects address trade bottlenecks and also mitigate community challenges, such as traffic congestion and emissions.

We also invested in much-needed container terminal capacity.

We did that through our Centerm Expansion Project, which is under construction, and through the proposed Roberts Bank Terminal 2 Project.

And we're continuing to invest in, and advance, all these projects in 2021.

Conclusion

To pull all this together, the port's resiliency, as well as the dedicated efforts of industry stakeholder, government partners, and everyone in the port community, have helped us weather the storms of 2020, and allowed us to continue investing in infrastructure projects that support this region's recovery and Canada's trade in the long term.

As a final order of business, I'd like to announce that our board of directors have reappointed PricewaterhouseCoopers LLP as our 2021 auditors.

And with that I would like to thank you for your attention.