



Annual general meeting – June 2023

Victor Pang, chief financial officer

Financial results

Good afternoon, everyone!

I will present the port authority's 2022 financial results.

What I hope you'll take away is that despite trade challenges that affected the port last year, the return of cruise revenues helped drive increases in revenue and EBITDA—allowing us to continue our focus on investing in projects to support Canada's trade objectives through the port and the gateway's long-term success.

In terms of our content today, I'll start with our earnings model; then I'll talk about 2022 port cargo results; the port authority's financial results; and some capital investment highlights; and lastly, I'll announce our auditor for this year.

Starting with the port authority's earnings model, we have two main sources of revenue. First, we generate rental revenue from our land portfolio based on market principles. Second, we collect a number of fees from users of the port to recover our costs on the specific operations and investments from which the users enjoy benefits. Unlike many other ports around the world, tax dollars are not a source of revenue for us. In fact, we pay a certain percentage of our revenue to the federal government in the form of stipends—and we also make payments called 'payments in lieu of taxes' to our local municipalities. For 2022, these government payments make up approximately 9% of our total operating costs.

As a Canada Port Authority, we are set up to be financially self-sufficient. That means that our earnings form the financial capacity that we use to invest in the growth of the gateway; make us a more sustainable port; and support our neighbouring communities.

Now, I'll turn to the Port of Vancouver's cargo volume results. In 2022, this port community faced a challenging operating landscape, as Robin has described—with impacts to cargo volumes, particularly in the grain sector in the first half of the year. A strong second half of the year helped offset and mitigate those declines—and in all, 141 million metric tonnes of cargo traded through the port last year, 3% less than in 2021.

If we zero in on the sectors, bulk volumes were down 3%, largely driven by a 23% decline in grain volumes, which was somewhat offset by increases in coal, potash, and sulphur volumes. Container volumes were down 3% compared to the record volume set in 2021, largely due to ongoing inland supply-chain congestion. Breakbulk volumes were flat, as lower domestic volumes were offset by higher imports of steel products. Automobile volumes were down 6%, mainly driven by supply-side production and distribution issues in the first half of 2022. Cruise returned last year with about 800,000 passengers, after a two-year hiatus due to COVID-19 pandemic-related restrictions.

I will now turn to our 2022 financial results, starting with revenues. Despite the challenging trade landscape, the port authority's revenues in 2022 increased about 11% to \$305 million. The biggest driver

of that increase was the return of cruise revenues, as we welcomed the cruise business back to the Port of Vancouver.

Moving to operating expenses, last year we increased our operating spending by about 8% to \$194 million. We increased our activity level in various strategic initiatives—for example, improving supply-chain visibility, enhancing infrastructure project support, optimizing land use, and advancing information systems. An increase in dredging costs was also a factor.

EBITDA for 2022 was \$149 million, an increase of 10.5%, which again, primarily reflects the return of cruise revenues.

I'll turn now to capital investment. In 2022, our capital spending was \$233 million. To note some highlights, here are some key infrastructure projects that we invested in last year to support Canada's trade future. As Robin mentioned, in partnership with DP World, we led the Centerm Expansion Project through to construction completion in December of 2022. We continued to lead the Roberts Bank Terminal 2 Project through the final stages of the federal environmental review process. We also continued to lead our suite of Gateway infrastructure projects to strengthen trade corridors throughout the region, including the completion of the Commissioner Street Road and Rail Alignment Project, and we continued to invest in and advance the Highway 91/17 Upgrade Project, which is being led by the province, to improve traffic safety and efficiency along key provincial highway routes.

I'd like to thank our customers, all workers at the port including our own employees, and all our partners and stakeholders in the industry, communities, governments and Indigenous groups for their fantastic work and collaboration at this gateway and for the benefit of Canadian families and businesses.

I'd add that our 2022 financial report will be available on our website this afternoon. Finally, I'd like to announce that our board of directors have reappointed PriceWaterhouseCoopers (PWC) as our 2023 auditors.

Thank you.