

## Speaking notes

### Vancouver Fraser Port Authority AGM

**Speaker:** Victor Pang  
**Date:** June 9, 2020  
**Event time:** 3:15 – 4:15 p.m.  
**Location:** Virtual (Webex Event)

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Today, I'll talk about the Vancouver Fraser Port Authority's 2019 financial results.

In early May, we posted our 2019 audited financial statements on our website, and this morning, we posted the full financial report, including our MD&A, or Management Discussion and Analysis.

I would encourage anyone interested in the details of our performance to refer to the full report.

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

What I hope you'll take away is that we have achieved strong financial performance in 2019, and that this continues to enable us to invest in key infrastructure in our gateway, to support this region's COVID-19 recovery and to strengthen 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 2019 financial results and capital spending; and lastly, I'll make some brief remarks on our outlook.

## **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. 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 cash flows from operating activities back into the gateway.

Those investments have increased the port's capacity; improved the flow of cargo; allowed us to acquire industrial land; and enabled us to protect the environment.

## **2019 results**

As Robin mentioned, in 2019—despite some global trade challenges—cargo volumes through the Port of Vancouver were the second highest in its history.

We saw record-setting potash, grain and container volumes.

All of that helped deliver strong financial results for the port authority.

In 2019, we reported consolidated revenue of \$301 million, which represented an annual increase of 10%.

EBITDA for 2019 was \$184 million, which was also a 10% annual increase.

These are very healthy growth numbers, and reflect the strong fundamentals of our port's competitiveness.

During 2019, we also made a record \$180 million in capital investments.

You will notice that this number is very close our EBITDA for the year, as we continue our trend to reinvest our operating cash flow back into the gateway.

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

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 2020.

## **Outlook**

We don't normally have a practice of providing forward-looking financial outlooks, but in light of COVID-19, I'll make a few high-level comments.

The scale and global nature of the economic impact from this pandemic is truly unprecedented.

Not surprisingly, in 2020 the port authority expects to experience some decline in trade volume and revenue in certain sectors—notably cruise, where the season has been effectively cancelled for the year.

However, to date, we've also seen some growth in other sectors despite the pandemic.

That's the benefit of having a diversified portfolio of cargo, where we are not overly susceptible to risks from any one sector.

So while COVID-19 will have some impact on our bottom line, our outlook shows that the impact will be very manageable.

Also, since we entered into this pandemic with a very strong balance sheet, our ability to continue investing in this gateway will not be compromised.

## **Conclusion**

To pull all this together, the port's diverse cargo base and strong 2019 financial performance have positioned us to both weather COVID-19, but also, to keep investing in infrastructure projects that support this region's recovery and Canada's trade over 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 2020 auditors.

Thank you.