



ANNUAL REPORT



2014




PORT DE SAGUENAY
SAGUENAY PORT AUTHORITY

Canada 



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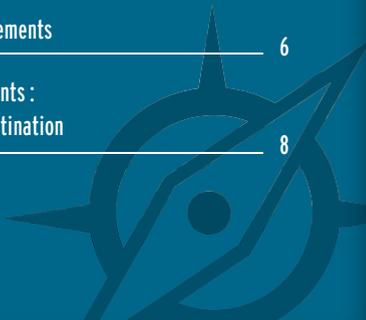
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Ghislain Harvey

Appointed by Ville de Saguenay;
In office since May 1, 2013, first term;
Chairman of the Board.



Jean-Guy Bonneau

Appointed by the Governor in concil on the
recommendation of the users;
In office since February 28, 2008, third term;
Director.



Richard Létourneau

Appointed by the Governor in concil on the
recommendation of the users;
In office since May 1, 2006, third term;
Vice-chairman.



Martial Bouchard

Appointed by the Governor in concil on the
recommendation of the users;
In office since December 11, 2009, second term;
Director.



Jean-Sébastien Harvey

Appointed by the Governor in concil on the
recommendation of the users;
In office since September 4, 2008, second term;
Secretary-treasurer.



Arthur Gobeil

Appointed by the Governor in concil on the
recommendation of the minister of Transports.
In office since September 1st, 2014, first term;
Director.



Jean-Guy Bergeron

Appointed by the Governor in concil on the
recommendation of the Federal Minister of Transport.
In office since May 1, 2008, second term;
Director.



Alain Bouchard

Outgoing General Manager.



Carl Laberge

General Manager

2014

A springboard for the future

2014 was a year of transition, achievement and major developments for our organization. We must begin by recording the retirement of Alain Bouchard, who held the office of General Manager until June 2014. The Port of Saguenay would like to thank him cordially for his dedication over the last 24 years, his contribution to the advancement of the Port and for all that he has achieved. We wish him every success in his future projects.

In addition, 2014 also marked the completion of construction on the rail link project and its coming into service. In fact, from April 2014 on, the construction teams were back on the job and successfully completed the work so that the infrastructures would be in operation as early as late October so that the deadlines were met and the total budget of 37 million dollars complied with. The necessary property was also acquired for the project as a whole and the new rail service started up.



A true gateway to northern Quebec

In 2014, the government of Quebec announced its intention to focus on the plan for the development of the resources of northern Quebec with the re-launch of Plan Nord. Since two-thirds of the Saguenay-Lac-St-Jean region is located north of the 49th parallel, the Port of Saguenay will certainly be called upon to play a leading role there. In fact, with the start-up of rail service, its deep-water facilities, its major storage spaces, the quality of its labour force and the development of its industrial park, it has the tools it requires to help companies attain the goals involved in their projects.

Also, during the year, the government of Quebec embarked on consultations concerning the development of the very first marine strategy (Stratégie maritime) in the history of the province. The Port of Saguenay has quickly responded positively to the invitation and has assumed responsibility for the task of submitting a brief to the deputy minister of Transport responsible for the strategy, Jean D'Amour. The strategy will be unveiled in 2015 and we are convinced that the Saguenay Port Authority will have a leading role to play in the implementation of Plan Nord, given its strategic location and all the unique advantages it enjoys, including its capacity for industrial development.

Projects being developed

In 2014, our Authority started work, together with Arianne Phosphate, a mining company, that should lead to the construction of a new marine terminal on the north bank of the Saguenay in the area of Ste-Rose-du-Nord. When this project becomes a reality, it will allow Arianne Phosphate to ship apatite concentrates produced in its mine at Lac-à-Paul, approximately 200 km north of Saguenay, to international markets. We are proud of the contribution we have been able to make to the eventual completion of this \$1.2 billion project, which should result in the creation of more than 1,000 direct jobs in our area and which will also help diversify the region's economic base. As well as allowing this major project to take on concrete form, we feel that the construction of a new multi-user terminal on the north bank will make it possible to accelerate and optimize the exploitation of the natural resources located north of the Saguenay and will to some extent open up access to this territory, which shows great potential for further development.

The year just ended marked the official launch of the project to construct a plant to produce liquefied natural gas (LNG), the Énergie Saguenay project, by GNL Québec, which is pushing the project forward. Indeed, in June 2014, in the company of economic and political leaders from our region, the promoter unveiled the major outlines of this project worth more than \$7 billion at the industrial site in

Grande-Anse near some existing facilities. Since then, GNL Québec has continued to move forward and has continued its consultations with a number of local stakeholders and has proceeded to open a representative office in Saguenay and conducted several engineering and environmental studies. Also, in order for this project to become a reality, a gas pipeline approximately 650 km in length will need to be built from Ontario to Saguenay, a project estimated to cost \$3 billion that will need to be implemented parallel to the construction of a liquefaction plant and the marine terminal to ship the product. An application to permit the export of more than 11 million tons of LNG annually was submitted by the promoter to the National Energy Board of Canada in the fall of 2014.

Moreover, despite a substantial decline in the prices of natural resources on international markets, we have also continued with the work started earlier in co-operation with mining company BlackRock Metals to ensure that we are eventually able to tranship iron ore produced at the mine it intends to develop in the Chibougamau area. Among other things, we have embarked upon studies designed to assess the feasibility of increasing the capacity of the existing port infrastructures in the event that we are asked to receive Cape Size-type vessels in Saguenay in order to enhance the competitiveness of the project.

Activities at the facilities

In terms of activities, 2014 was a year that recorded a 5% increase in the amount of tonnage handled. Indeed, the 44 vessels that tied up at our facilities enabled us to handle some 280,000 tons of a variety of cargoes, compared with 267,000 mt and 49 vessel movements in 2013. Among the new cargoes, mention should be made of the arrival of 90 nacelles and hubs for wind generators shipped from Germany and intended for the completion of the work scheduled for 2014 at the Rivière-du-Moulin wind park. More or less the same number are expected in 2015 so that the project can be completed and some 350 MW of power can be generated in the longer term. One outstanding factor to note is the fact that for the first time since the Grande-Anse marine terminal was opened in 1985, no forest products were exported from the facilities in 2014, a development that underlines the problems and upheavals being experienced in that industry at the present time. We are confident that the situation will change in the future and that the SPA will be able to resume its role in supporting exports of our forest products.



Another innovation has been the fact that shipments of sand by barge were carried out this year from Grande-Anse with the destination of the Lower St Lawrence area. The quality of these granulates found in the area are the reason for these shipments, which amounted to 24,000 mt in 2014. Furthermore, the development of large storage areas in the intermodal marine industrial park (PIMI) have also made it possible for Canmec industriel to secure a contract to ship oversized parts intended for the construction of the Hebron oil platform in the province of Newfoundland and Labrador. Thus, a total of 56 parts headed for the Maritimes on barges from the Saguenay.

Moreover, the arrival of anodes for the production of aluminum at the brand-new Rio Tinto Alcan AP-60 plant continued in 2014, as did shipments of bricks and liquid pitch at levels comparable with those for previous years. Once again this year, a substantial volume of road salt was received at our facilities with 3 vessels carrying a total of 70,000 mt.



Bagotville Wharf

The cruise-ship wharf in Bagotville, which is managed by the Port Authority, received 32 vessels and close to 29,000 passengers in 2014. This was the best season since the wharf was built in 2008. Reservations already made for the next two seasons allow us to assert that business will continue to grow over the next few years.

One interesting fact is that whereas in the past the cruise-ship season has always peaked in the fall, Saguenay received one vessel in May of 2014 and two in July. For 2015, twelve vessels have confirmed their intention

to visit the port during the summer. Moreover, Queen Mary II, one of the most imposing and most prestigious vessels in the world announced that it would arrive in Saguenay in October 2016. The quality of the services provided, the exceptional welcome offered to cruise-ship passengers and the presence and representation offered to the cruise-ship lines explain the growing success of Saguenay as a stop-over for cruise ships on the St. Lawrence River.



Participation and involvement

Once again this year, it has been the involvement and participation of the board of directors and the staff of the Port that have made it possible to achieve the ambitious objectives that we set for ourselves. Indeed, the 97.7% participation rate by directors in the 21 different meetings of the board and its committees that were held in 2014 are indicative of the full attention that is paid to the smooth functioning of port activities and their development. We should also note the arrival of Arthur Gobeil, who joined the team as a director appointed by the government of Quebec during the year. Also, we should point out the dedication and all the talent that has been shown by the staff in the course of 2014. The team now in place has been able successfully to overcome the challenges that have confronted them. Although resources are limited, the achievements made clearly show that team work makes it possible to achieve great things.

The Authority is keen to become involved in its community. That is why every year, the Port makes a number of gifts and contributions and takes part in various activities that benefit the community. In 2014, 41 organizations from the region have thus been able to enjoy the support of the Port.

In addition, the Authority is playing an active role in and is a member of several organizations such as the Saguenay Chamber of Commerce, the Réseau environnement, the Association of Canadian Port Authorities (ACPA), the Association of American Port Authorities (AAPA), the Société de développement économique du St-Laurent (SODES), l'Alliance verte, the Cruise the St Lawrence Association, the Cruise Line International Association (CLIA) and Hwy H2O.

Financial results

Operating income increased by 17% in 2014, to a total of close to \$2.5 million. This increase in revenues can be explained by a number of factors, including the mix of products transhipped through the port, rentals of storage space over longer periods and an increase in revenues derived from managing the cruise-ship terminal.

Operating expenditures totalled \$2.1 million, an increase of \$170,000 over 2013. Salaries and benefits included costs relating to the change of General Manager. The Authority made use of professional services during the year, in particular to update its land-use policy and for the organization's strategic planning process. Finally, the completion of work on a number of projects, including the rail link project, has meant that there was an increase in the amortization expense for tangible assets for 2014. The surplus on operations for the year amounted to \$379,000.

The Authority's bond holdings generated interest income in the amount of \$177,000. The effective rate of return on investments in 2014 was 3.98%. The fact that capital investments made in the port required the use of investments explains the substantial decline in interest income over the last few years.

The net surplus for the year was \$525,000, an increase of \$60,000 over the figures for 2013. The statements of the Authority are prepared in accordance with the International Financial Reporting (IFRS) Standards.

The best is yet to come

The future of the Saguenay Port Authority promises to be very interesting. In fact, the implementation of the rail link, deployment of the Stratégie Maritime and Plan Nord and the many private development projects with which the Authority is associated mean that we shall in the future more than ever be able to assume our leadership role as an engine for regional economic development. Moreover, the fact that the government of Canada may well be able to conclude new free-trade agreements, including those with Europe and Korea, combined with the decline in the value of the Canadian dollar, are likely to promote exports and we believe that our users will be able to benefit from these developments. Finally, the efforts to promote and upgrade what we can offer combined with the ongoing very hard work of the whole board of directors, the other members of the port's team and our partners also bode well for our success in the coming years.

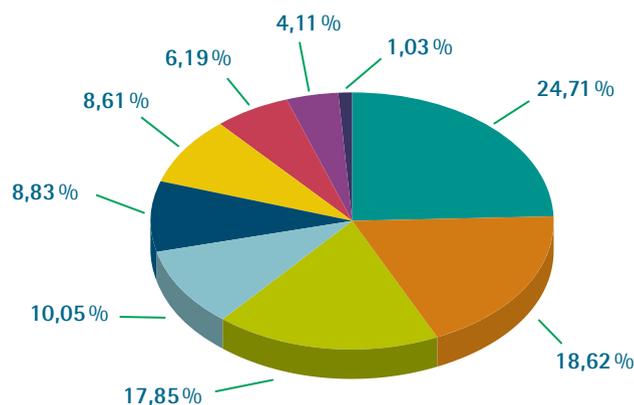


Ghislain Harvey
Chairman of the board



Carl Laberge
General Manager

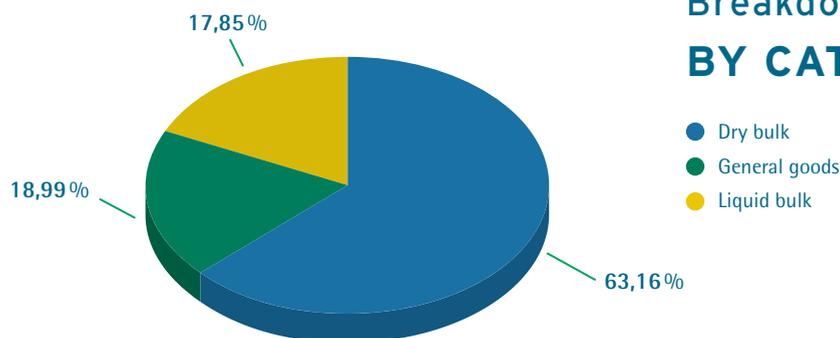
Breakdown of volume BY PRODUCTS



Condensed consolidated statement of earnings year ended December 31, 2014

	2014	2013
	\$	\$
Revenues		
Port services	735,715	669,101
Rentals	1,062,166	871,879
Management revenues	306,217	246,296
Other marine services	352,594	305,465
	2,456,692	2,092,741
Expenses		
Salaries and fringe benefits	831,741	699,803
Equipment repairs and maintenance	181,501	176,727
Professional and consulting fees	143,368	117,343
External fees -mooring	174,963	172,030
Other operating expenses	11,413	9,812
Office supplies	6,120	5,135
Supplies and tools	7,794	13,739
Computer supplies	6,779	6,629
Energy	39,052	38,101
Telecommunications	14,267	13,494
Travel and entertainment	50,253	68,461
Advertising and promotion	42,514	42,461
Bad debts	1,730	1,084
Insurance	39,365	43,087
Contributions and donation	48,611	47,702
Payments in lieu of property taxes	105,221	104,435
Depreciation of property, plant and equipment	373,294	338,286
(Gain) loss on disposal of property, plant and equipment	(100)	9,363
	2,077,886	1,907,692
EARNINGS FROM OPERATION	378,806	185,049
Other revenues (Expenses)		
Interest revenues	177,236	291,228
Gain on disposal of investments	18,630	36,914
Fees on gross revenues	(49,503)	(48,516)
	146,363	279,626
NET EARNINGS	525,169	464,675
Other comprehensive income		
Items that will not be subsequently reclassified to net earnings		
Remeasurement of defined benefit obligation	(93,900)	263,900
Items that may be subsequently reclassified to net earnings		
Loss on changes in fair value of available-for-sale investments	(22,593)	(28,568)
Reclassification of realized gains on available-for-sale investments	(18,630)	(36,914)
Change in available-for-sale investments	(41,223)	(65,482)
	(135,123)	198,418
COMPREHENSIVE INCOME	390,046	663,093

Breakdown of volume BY CATEGORY



Condensed consolidated statement of financial position as at December 31, 2014

	2014	2013
	\$	\$
Assets		
Currents assets		
Cash	-	1,581,771
Accounts receivable	1,327	2,897,462
Grants receivable	2,653,345	5,420,041
Current portion of investments	-	361,442
Prepaid expenses	41,966	18,602
	3,733,638	10,279,318
Grant receivable	4,960,000	4,401,798
Investments	4,918,069	4,633,385
Property, plant and equipment	17,722,145	16,317,398
Employee benefits	12,500	-
	31,346,352	35,631,899
Liabilities		
Current liabilities		
Bank overdraft	111,696	-
Bank loan	160,000	-
Accounts payable	2,332,969	6,698,746
Deferred revenues	104,507	99,922
Current portion of long-term debt	530,000	510,000
	3,239,172	7,308,668
Long-term debt	4,960,000	5,490,000
Accrued social benefits	26,454	74,551
Employee benefits	-	28,000
	8,225,626	12,901,219
Capital		
Contributed capital	13,999,183	13,999,183
Retained earnings	9,225,028	8,699,859
Reserves	(103,485)	31,638
	23,120,726	22,730,680
	31,346,352	35,631,899

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.

Approved by the board and authorized for issue on March 9, 2015

Ghislain Harvey
Chairman of the Board

Jean-Sébastien Harvey
Secretary-treasurer



RECEIVED

Anodes

Netherlands	16 572 tons
Switzerland	8 170 tons

Liquid Pitch

Belgium	50 011 tons
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Brick

Germany	1 697 tons
Netherlands	1 183 tons

Bauxite

Guinea	3 280 tons
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Coal

United-States	28 143 tons
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General Goods

Africa	331 tons
Germany	9 379 tons
Belgium	29 tons
Poland	429 tons
Canada	1 513 tons
Sweden	614 tons

De-icing Salt

Canada	69 219 tons
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Spath Fluor

China	40 825 tons
Spain	11 330 tons



SHIPPED

Aluminum

England	3 580 tons
United-States	6 296 tons
France	244 tons
Netherlands	1 084 tons
Switzerland	309 tons

General Goods

Canada	1 749 tons
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Sand

Canada	24 110 tons
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