



**PortsToronto Annual General Meeting**

**CFO Remarks**

**Alan Paul**

**June 14, 2016**

*Check Against Delivery*

Thank you. Good morning ladies and gentlemen.

The 2015 Audited Financial Statements for PortsToronto, have been posted on the PortsToronto Website since May 11, 2016, at [www.portstoronto.com](http://www.portstoronto.com). We have posted the statements on our website for the past several years, so the public can review our financial performance. We also posted the Notice for today's Annual General Meeting on the website on May 11, 2016, as well as made announcements in local newspapers, which is in compliance with the Canada Marine Act.

Also posted on the Website is the 2015 Management Discussion and Analysis Report or MD & A. This document is intended to explain the facts behind the numbers in the Audited Financials and provide some additional information on PortsToronto's financial performance.

The first item I would like to refer you to in the Audited Financials is the Auditor's Report, which is just after the Table of Contents on pages 1 and 2.

As you can see in the last paragraph, the Auditor's Report from Deloitte is again an unqualified or "clean" audit opinion.

Please note that PortsToronto presents its financial statements under International Financial Reporting Standards ("IFRS"). The accounting policies set out in Note 2 of the 2015 Audited Financial Statements have been applied in preparing the financial statements for the year ended December 31, 2015 and the comparative information for the year ended December 31, 2014.

The statements include a Statement of Operations and Comprehensive Income, a Statement of Changes in Equity, a Statement of Financial Position (the former Balance Sheet), a Statement of Cash Flows and Notes to the Financial Statements.

By reporting in accordance with IFRS, these Statements are in similar format and content to the other 17 Port Authorities in Canada.

Please note that the MD & A Report should be read in conjunction with the Audited Financials and the accompanying notes.

The Audited Financial Statements have been made available and as per the Agenda there will be a Q & A session following the presentation phase of the program, where we will be pleased to answer any questions you may have on the Financial Statements.

But at this point I would like to discuss the financial performance of the PortsToronto over the last several years.

In 2015, Ports Toronto marked its eighth consecutive year of profitability. All of the business units were profitable on an operating basis, as shown on page 35, Note 17, contributing to another strong year for PortsToronto.

There was a decline in Net Income in 2015 to \$5.9 million versus \$14.9 million 2014, driven by three important items that affected the bottom line.

The first item to have an impact was the costs associated with the opening of Billy Bishop Airport's award-winning Pedestrian Tunnel on July 30, 2015. These costs include amounts PortsToronto will pay to the operator on a monthly basis over the term of the P3 Concession Agreement. The net cost for the Pedestrian Tunnel in 2015 was approximately \$4.8 million.

The second item to affect the 2015 results was an amount of \$6.3 million related to the settlement of Payment in Lieu of Taxes or PILTs amounts with the City of Toronto. We are very pleased that PortsToronto and the City were able to work together on this issue and reach a conclusion. The incremental amount accrued in 2015 for prior years PILTs as part of the settlement was approximately \$3.2 million. It should be noted that PortsToronto remains completely up to date in 2016 on both Property Taxes and PILTs paid to the City.

The third item that impacted the financial results were the cost of studies related to the Porter Proposal that were expensed in 2015. This amount of approximately \$2.5 million is shown in Note 15 on page 34 of the 2015 Audited Financial Statements.

All three of these items together total \$10.5 million, which explains the drop of \$9 million year over year, 2015 to 2014. It is important to note that two of the three items are non-recurring, the incremental amount for the PILTs settlement and the cost of the Porter Proposal studies.

Once again for 2015 PortsToronto made substantial contributions to the public purse by paying \$2.7 million in Federal Gross Revenue Charge and as mentioned \$6.3 million in Payments in Lieu of Taxes to the City of Toronto; a total of \$9.0 million out of the total of \$55.9 million in revenue for the year.

Looking ahead PortsToronto is again projecting ongoing profitability in the future, which will enable us to continue to support investments in port infrastructure, environmental sustainability and community initiatives. Something we are all very proud of.

That concludes my brief remarks on the Audited Financial Statements; a positive story that will continue. And as I said there will be an opportunity to ask questions in a few minutes.

I do have one more piece of business to take care of at this stage. In accordance with our obligations under the Canada Marine Act, I would like to address the appointment of Auditor for PortsToronto.

I can report that the Board of the PortsToronto has re-appointed Deloitte LLP as Auditor for the audit of the fiscal year ending December 31, 2016.

Mr. Steve Stewart of Deloitte is here with us today.

At this point in time I will turn the meeting back over to Geoffrey Wilson.

Thank you.