



**PORT  
SEPT-ÎLES**

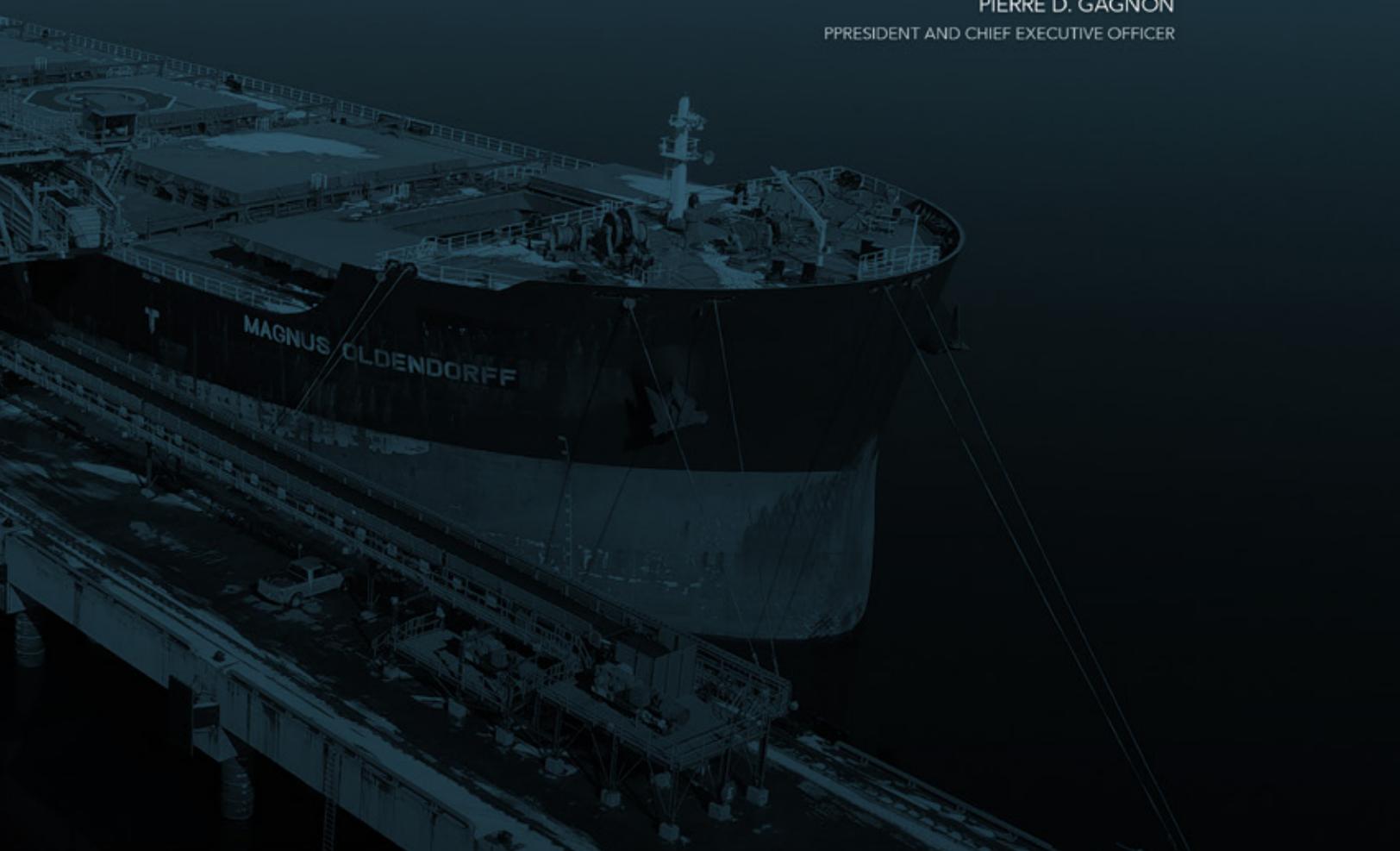
PORTSI.COM

# ANNUAL REPORT 2019

« WE ARE THE ONLY PORT IN NORTH AMERICA  
ABLE TO ACCOMMODATE THE WORLD'S LARGEST BULK CARRIERS. »

PIERRE D. GAGNON

PPRESIDENT AND CHIEF EXECUTIVE OFFICER



# WE ARE YOUR PORT!

THE LARGEST IRON ORE HANDLING PORT IN NORTH AMERICA



## MISSION

The Port of Sept-Îles, benefitting from the natural advantages of the Bay of Sept-Îles, has the mission to remain an important development agent by providing adequate facilities and efficient services in a partnership framework and with a sustainable development approach.

## VALUES

The Port of Sept-Îles's performance hinges on the values of partnership, commitment, customer focus, professionalism, and expertise. Our 7-star team runs on pride, boldness, solidarity, and a desire to excel. These values define who we are, what we hold dear, and what inspires us.

## OUR PERFORMANCE AT A GLANCE



**\$20,8 million**

Revenues



**482**

Number of  
ships accommodated



**29,3 Mt**

Volume of  
goods handled



**\$100,000**

Contribution to  
community life

## HIGHLIGHTS



**JUNE**

**19**

2 0 1 9

Project to modernize the Pointe-aux-Basques terminal announced, an estimated \$20 million investment.



**AUGUST**

**9**

2 0 1 9

10 million tonnes of iron ore loaded at the multi-user dock.



**AUGUST**

**16**

2 0 1 9

An additional \$50 million in government spending for Société ferroviaire et portuaire de Pointe-Noire announced by Premier François Legault.

## MESSAGE FROM MANAGEMENT



Twenty years ago, with the passage of the Canada Marine Act, the Port of Sept-Îles and 18 other Canadian ports became a local, independently managed port authority, with infrastructure and port facility development overseen by a local board of directors. This decision was an extraordinary opportunity to roll out game-changing development strategies for the Port and its region.

These efforts over the last two decades have resulted in investments totaling over \$500 million, which we used to meet our valued partners' needs and expectations and secure our position as North America's leading iron ore-handling port.

Sustainable development and sound environmental management have also been top priorities throughout this period of growth that included the founding of the Bay of Sept-Îles environmental observatory, made possible through numerous critical partnerships. This observatory, the only one of its kind on the St. Lawrence River, attests to the leadership of the Port and its users in preserving our ecosystems. And that is something to be proud of.

With the volume of goods handled up by over 15% in 2019 (29 million tonnes), it was the fourth best year on record since 1979 and the best year since the Sept-Îles Port Authority was created in 1999.

In addition to Quebec Iron Ore, which began shipping from our multi-user dock in March 2018, we welcomed another new user, Tacora Resource Inc. We also proudly hit and celebrated another major milestone in August: 10,000,000 tonnes handled at the multi-user dock. The multi-user nature of the Pointe-Noire sector is also a key factor in the agreements signed with Société ferroviaire et portuaire de Pointe-Noire (SFP Pointe-Noire), which made it possible at the end of the year to load the same ship with iron concentrates from three mining companies: IOC, Quebec Iron Ore, and Tacora—a Port first, but certainly not the last!

In June 2019, we welcomed the Honourable Marc Garneau, Canadian Minister of Transport, and Jonatan Julien, Québec Minister of Energy and Natural Resources and

Minister Responsible for the Côte-Nord Region, for a traditional sod-turning ceremony to announce the equal contribution of both levels of government in the Pointe-aux-Basques terminal modernization project. These investments will bring this strategic facility up to standard to meet the demand for short sea shipping and for many projects to diversify the kinds of goods handled and supply the North.

Thanks to its new policy of donations and contributions aimed specifically at supporting organizations that help families, the Port has contributed financially to a number of collective projects by local organizations. In 2019 close to \$100,000 was given to local community causes.

Over the years, we have allocated \$1.4 million to various events and initiatives to foster the well-being of the people of Sept-Îles. Most notably, the flagship “5 à Huîtres maritime” oyster fundraiser, which the Port of Sept-Îles and its partners have been running since 2010, has helped raise over \$500,000 for L'Élyme des sables, a local Sept-Îles palliative care facility.

In terms of cruises, 2019 was a record-breaking year with the port welcoming 18,655 passengers and crewmembers. The season included seven planned calls, including the grand Queen Mary 2 on two occasions, and one unplanned call.

#### THE NEXT 20 YEARS

There has been sustained growth since the multi-user dock was commissioned, so the next 20 years look very bright for the Sept-Îles Port Authority and the regional economy as a whole.

Thanks to the multi-user vision underpinning the long-term agreements between the Port of Sept-Îles and SFP Pointe-Noire, many development opportunities are now anticipated for the vast and newly freed-up Pointe-Noire sector, which stands as a global model for innovative port complexes that integrate **multi-user** storage and handling services.



**PIERRE D. GAGNON**

/ PRESIDENT AND CHIEF EXECUTIVE OFFICER

**CAROL SOUCY**

/ CHAIRMAN OF THE BOARD

RESULTS

**20<sup>TH</sup> ANNIVERSARY CELEBRATIONS**



**MAY** CRUISE FOR A DAY

**25**

2 0 1 9

Celebrating 20 years of independence for the Port of Sept-Îles! A Port first: The “cruise for a day” event featured 2 excursions, giving over 100 people the chance to sail around the archipelago and discover legendary Sept-Îles. The bigtop was just as abuzz with activity as when a cruise ship comes to call, with artists and artisans on hand to share their culture and creations. Local product tastings, a coffee at Clickafé in the morning, and a frosty beer at La Compagnie in the afternoon.



**AUGUST** XXL DAY

**10**

2 0 1 9

20 years of independence at the Port of Sept-Îles—a milestone worth celebrating! Sept-Îles public market, tastings, workshops, mackerel fishing and pie baking contests, music, games, and dancing. Prizes, gifts, treats, and fun for all.



**AUGUST**

**10**

2 0 1 9

The Port of Sept-Îles and Microbrasserie La Compagnie were proud to unveil their brand new beer. The result of a joint initiative to mark the local port authority's 20th anniversary, the new beer will be marketed under the name Pointe aux Basques. In addition to serving up a truly delectable new beer, for every beer sold the Port of Sept-Îles and Microbrasserie La Compagnie will make a donation to a Sept-Îles community organization. The first to benefit from this partnership was L'Envol-Maison de la famille.

**DRAWS FOR THE CHANCE TO DISCOVER AND EXPERIENCE SEPT-ÎLES**

Tickets and family passes were available for various activities and sites.

- Virée des îles excursions
- Vieux Quai en fête
- Masque d'or show
- Nicolas Noël show
- Festival Innu Nikamu
- Transit show with Dan Bigras



Photo: Marée Motrice

**OCTOBER**

**L'HALLOWEEN AU VIEUX-POSTE HANTÉ**

**26**

2 0 1 9

Fantastic partner | The Vieux-Poste hanté (haunted Old Trading Post) event, organized by Marée Motrice and presented by the City of Sept-Îles and Conseil ITUM, was the perfect activity for those brave souls who like their Halloween extra spooky.



DÉCEMBER NOËL AU VIEUX-POSTE

22

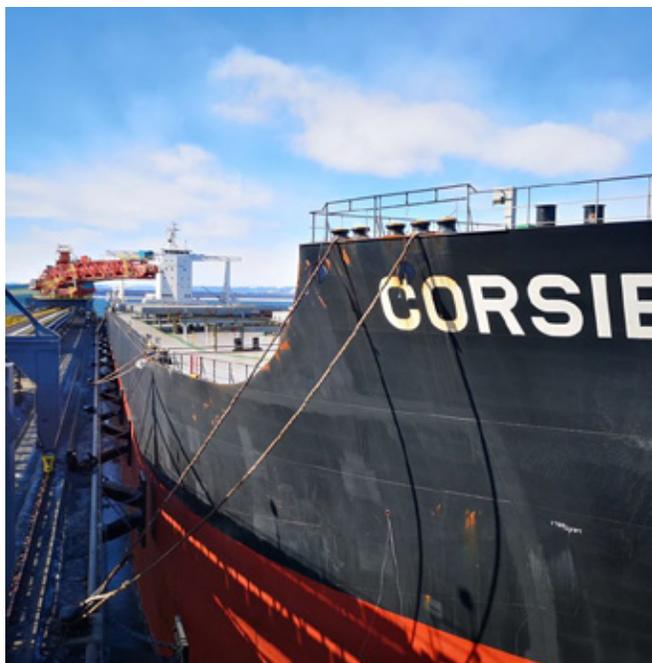
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Magical partner | This free holiday-themed activity at the Old Trading Post was all about bringing Sept-Îles and Uashat mak Mani-utenam families together to celebrate end-of-year holiday traditions. It was also the perfect opportunity for the public to enjoy the wintry wonder of the Old Trading Post of Sept-Îles cultural site, which is usually closed for the winter.



## RESULTS

## PORT ACTIVITIES



The Port of Sept-Îles saw growth of more than 15% in volume handled in 2019, at 29,292,000 tonnes compared to 25,363,000 tonnes the year before. It was the fourth best year since the record-setting 34,948,000 tonnes handled in 1979, and the best year since the Sept-Îles Port Authority was created in 1999. In 2019, 482 ships anchored in the Bay of Sept-Îles—53 more than in 2018.

It was also a record-breaking year for cruise ships, with the Port welcoming 18,655 passengers and crew members. The season included seven planned calls, including the grand Queen Mary 2 on two occasions, and one unplanned call by the Serenade of the Seas seeking safe harbour from Hurricane Dorian. The ship came in to port with less than 24 hours' notice and stayed for 34 hours, to the delight of local residents and retailers.

	2019	2018
<b>SHIPS</b>	482	428
<b>TOTAL TONNAGE</b>	29,324,703	25,362,602
<b>INBOUND TONNAGE</b>	2,098,680	2,102,688
<b>OUTBOUND TONNAGE</b>	27,226,023	23,259,914
<b>CANADIAN TONNAGE</b>	487,183	428,309
<b>CANADIAN INBOUND</b>	409,795	407,888
<b>CANADIAN OUTBOUND</b>	77,388	20,421
<b>FOREIGN TONNAGE</b>	28,837,520	24,934,293
<b>FOREIGN INBOUND</b>	1,688,885	1,694,800
<b>FOREIGN OUTBOUND</b>	27,148,635	23,239,493
<b>CRUISE SHIPS</b>	8	4
<b>PASSENGERS</b> (including crew as of 2019)	18,655	7,960

TOP CARGO TYPES			
		2019	2018
<b>1</b>	Iron ore out	26,675,731	22,816,600
<b>2</b>	Aluminum in	1,081,140	1,137,107
<b>3</b>	Alumina out	518,131	432,016
<b>4</b>	Fuel oil/diesel/gasoline in	326,760	319,944
<b>5</b>	Petroleum coke in	214,545	245,154
<b>6</b>	Dolomite (Limestone) in	169,427	139,987
<b>7</b>	Coke breeze in	145,045	86,991
<b>8</b>	Bentonite in	101,610	78,500
<b>9</b>	Other liquid bulk in / out	50,577	56,016
<b>10</b>	Other cargo in / out	30,381	38,749
<b>11</b>	Other dry bulk in / out	11,356	11,538

## RESULTS

**FINANCES**

The \$20.8 million growth in revenues (+29%) and \$15.6 million increase in operating expenses (+23%) stem mainly from increased activities at the multi-user dock. Higher revenues and operating expenses resulted in favourable operating income of \$5.2 million at year's end, or \$1.9 million more than last year.

Other items were relatively stable compared with the previous year, with the exception of the change in the fair value of interest rate swaps. As a result, comprehensive income was positive at \$14.7 million, compared to \$13.9 million the year before.

Almost all the investments made by the Port this year went to the multi-user dock and totalled \$1.8 million, versus \$5.4 million in investments last year.

Over the past 20 years, close to \$330 million has been invested in infrastructure. The biggest investments went toward building the cruise ship dock, adding an eighth silo and building Hangar 42 at the La Relance terminal for Aluminerie Alouette, optimizing docks 30 and 31 at Pointe-Noire and the multi-user dock.



<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Fiscal year ended at December 31, 2019 (in \$000s)		
	<b>2019</b>	<b>2018</b>
<b>GROSS REVENUE</b>	<b>20,792</b>	<b>16,061</b>
<b>OPERATING EXPENSES</b>		
Operating expenses	10,539	9,526
Administrative expenses	5,011	3,154
	<b>15,550</b>	<b>12,680</b>
<b>INCOME BEFORE OTHER ELEMENTS</b>	<b>5,242</b>	<b>3,381</b>
<b>OTHER ELEMENTS</b>		
Other revenues	864	816
Change in the fair value of interest rate swaps	(284)	507
Financial expenses	(1,337)	(1,542)
Contract obligations - multi-user wharf	10,688	10,712
<b>OTHER COMPREHENSIVE INCOME</b>	<b>(446)</b>	<b>13</b>
<b>COMPREHENSIVE INCOME</b>	<b>14,727</b>	<b>13,887</b>
<b>CAPITAL EXPENDITURES</b>	<b>1,799</b>	<b>5,414</b>

<b>STATEMENT OF FINANCIAL POSITION</b> as at December 31, 2019 (in \$000s)		
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	24,742	19,238
Accounts receivable	4,485	3,549
Prepaid expenses	2,886	1,923
Current portion of investments	2,500	1,500
Current portion of net investments in direct financing leases	2,486	2,384
	<b>37,099</b>	<b>28,594</b>
INVESTMENTS	500	2,500
NET INVESTMENT IN DIRECT FINANCING LEASES	-	2,486
GRANTS RECEIVABLE	-	787
CONTRIBUTIONS RECEIVABLE	-	29
PROPERTY, PLANT & EQUIPMENT	289,747	298,006
	<b>327,346</b>	<b>332,402</b>
<b>Liabilities</b>		
CURRENT LIABILITIES		
Accounts payable	2,437	2,967
Deferred revenues	2,799	2,404
Current portion of long-term debt	5,954	5,922
	<b>11,190</b>	<b>11,293</b>
DEFERRED REVENUES	71,591	83,076
LONG-TERM DEBT	33,681	39,635
DERIVATIVE INSTRUMENTS	1,254	970
DEFERRED CONTRIBUTIONS	93,318	96,098
DEFINED BENEFIT LIABILITIES - PENSION PLAN	196	0
DEFINED BENEFIT LIABILITIES - SEVERANCE PAYMENTS	724	665
	<b>211,954</b>	<b>231,737</b>
<b>EQUITY</b>		
Contributed capital	11,707	11,707
Retained earnings	105,062	89,888
Accumulated other comprehensive income	(1,377)	(930)
	<b>115,392</b>	<b>100,665</b>
	<b>327,346</b>	<b>332,402</b>

RESULTS

**ENVIRONMENTAL ACTIVITIES**



**CIRSIP 2019**

The first International Congress on Industrial Port Research (CIRSIP) was held in Sept-Îles from May 27 to 31, 2019. The congress, which explored the theme of “Scientific Research as a Management Tool,” was presented by the Northern Institute for Research in Environment and Occupational Health and Safety (INREST), the Port of Sept-Îles, and the City of Sept-Îles.

CIRSIP brought in more than 40 internationally renowned speakers who shared their knowledge with the 300 people in attendance representing 8 countries. It was a chance to learn about new technologies, management tools, solutions, and strategies for sustainable development tailored to industrial and port facilities and operations.

**CHONe II Program**

In the summer of 2019, CHONe II projects continued in the Côte-Nord thanks to the NSERC Canadian Healthy Oceans Network and its partners, including Fisheries and Oceans Canada and INREST (representing the Port of Sept-Îles and the City of Sept-Îles). From 2015 to 2020, 39 researchers from 11 universities and a community college and their students, as well as a number of federal research laboratories from across the nation have worked on 20 research projects. The objectives of these projects are to gain a better understanding of the influence that multiple stressors have on the northern ecosystem and to develop tools to assess the health of these ecosystems so conservation efforts can be more effective.

**Green Marine**

The Port of Sept-Îles’s environmental performance in 2019 was assessed according to Green Marine criteria. In addition to meeting invasive species criteria by giving Fisheries and Oceans Canada access to its port facilities to conduct sampling, the Port of Sept-Îles improved its average scores with regard to various performance indicators.

	<b>GHG &amp; AIR POLLUTANTS</b>	<b>SPILL PREVENTION</b>	<b>DRY BULK HANDLING &amp; STORAGE</b>	<b>COMMUNITY IMPACTS</b>	<b>ENVIRONMENTAL LEADERSHIP</b>	<b>WASTE MANAGEMENT</b>	<b>UNDERWATER NOISE</b>
<b>2018</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>1</b>
<b>2019</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>3</b>

Authorization under the Canadian Environmental Assessment Act (CEAA 2012)

Three projects were subject to an environmental impact assessment and authorization by the Port of Sept-Îles under Section 67 of the CEAA (2012): the new cruise pavilion, the new service building at the multi-user dock terminal, and the SFP Pointe-Noire drainage facilities on Port of Sept-Îles land. It should be noted that this act was amended in August 2019 to become the Impact Assessment Act (2019), and no projects have since been authorized.



Photos: Kim Aubut-Demers

RESULTS

**COMMUNITY ACTIVITIES**

The Port of Sept-Îles is very proud to show its concern for the well-being of the families in its community through its active presence and financial support for a variety of organizations and events. Its donations and contributions policy supports social and humanitarian causes that help families and the community. 2019 beneficiaries:

- Classique Oxygène d’Hommes Sept-Îles hockey tournament
- Station récréotouristique Gallix
- Festival des Hivernants
- École Mgr-Blanche
- Âtre de Sept-Îles
- Salon du livre de la Côte-Nord
- Ensemble folklorique Tam Ti Delam
- Marée Motrice (Vieux-Poste Hanté & Vieux-Poste de Noël)
- Maison Alouette MOCSI
- Comptoir alimentaire (Grande guignolée des médias)
- 5 à Huîtres maritime for L’Élyme des sables
- Vieux-Quai en Fête
- Centre d’action bénévole Le Virage
- Chantier Jeunesse Loisirs
- Recyk et Frip
- L’Envol Maison de la Famille

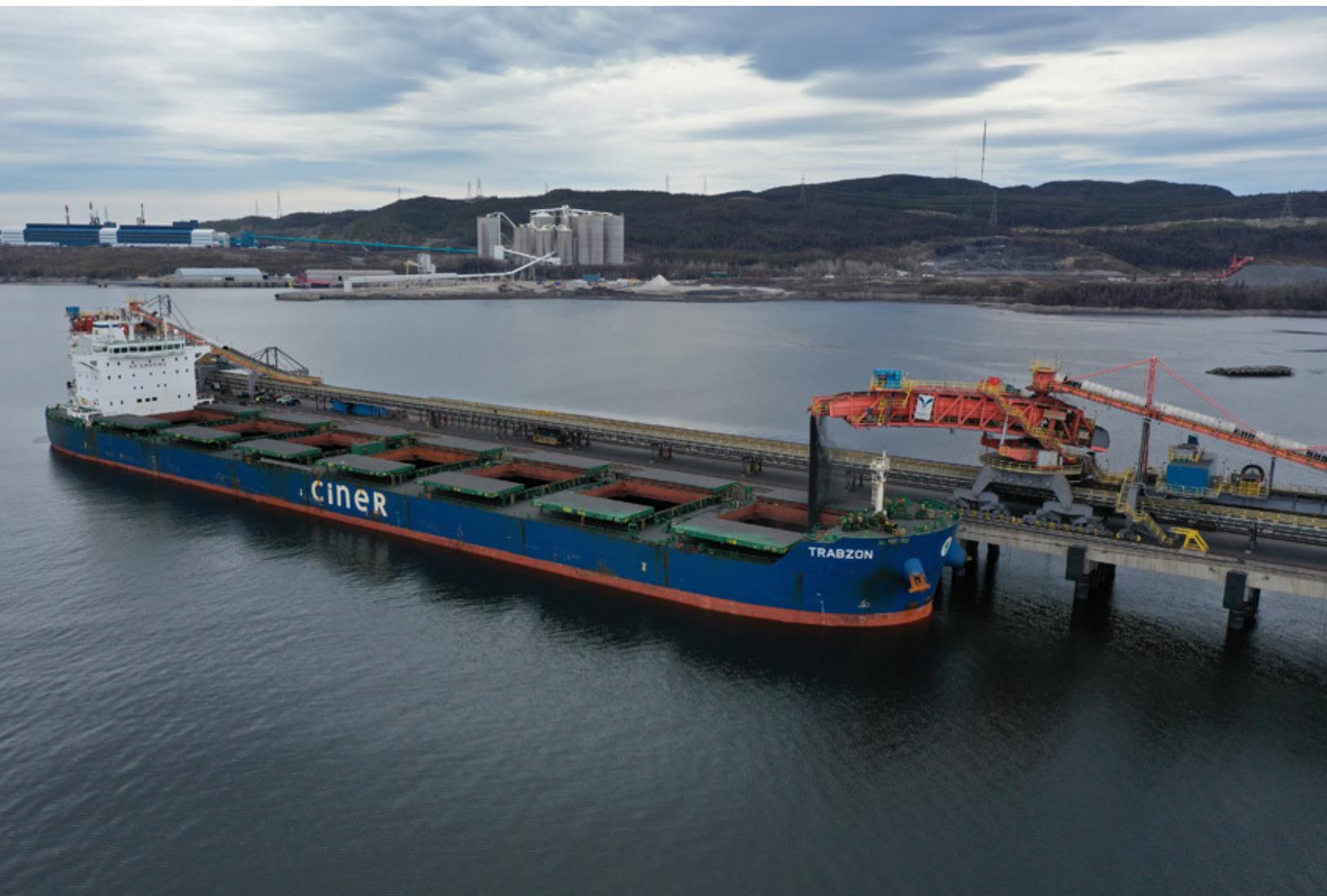


## 2020 OUTLOOK

The Port of Sept-Îles is committed to preserving its enviable position as a global leader thanks to its world-class, state-of-the-art port facilities, including the multi-user dock capable of handling 50 million tonnes of bulk cargo every year, making it the highest-capacity dock in North America.

The Port of Sept-Îles is positioned as an active and inspiring partner and a model citizen dedicated to supporting initiatives that promote the well-being of its community and protect the ecosystems of the Bay of Sept-Îles.

*Keep an eye on Sept-Îles in the coming months—a host of very promising prospects are in the works at the port. With the recovery of the iron market and the new \$220 million multi-user dock, the Port of Sept-Îles could soon become the busiest port in the country. - From Les Affaires (2017)*



# 20 YEARS OF BIG ACHIEVEMENTS

**\$1.4  
MILLION**

IN CONTRIBUTIONS  
TO THE LOCAL  
COMMUNITY TO DATE



**500,000,000 MT**

VOLUME OF  
GOODS HANDLED



**2010**

CRUISE  
TERMINAL  
COMMISSIONED



**11,345**

NUMBER OF SHIPS  
ACCOMMODATED



**53,000**

NUMBER  
OF PASSENGERS  
AND CREW  
MEMBERS  
WELCOMED



**OVER \$500,000,000**

INVESTED IN LOCAL INFRASTRUCTURE



**2018**

MULTI-USER  
DOCK COMMISSIONED

