

VIA RAIL'S 2020 ANNUAL PUBLIC MEETING

Speech of Patricia Jasmin, VIA Rail Canada's Chief Financial Officer

Ladies and Gentlemen,

I am delighted to be here with you today to share the financial results from 2019, which was another great year for VIA Rail, with revenues exceeding \$400M for the first time in the Corporation's history, and with over 5M passengers who travelled by train... a record ridership in three decades.

Revenues increased by 4.7% compared to 2018 while ridership increased by 5.5%. This performance is the result, this year again, of the enhanced cycling of our trains, and the optimization of capacity to better align with customer demand.

Overall, VIA Rail's revenues for 2019 increased to 411 million dollars. This amount includes passenger revenues, which reached 388 million dollars, and an additional 23 million dollars of station and third-party revenues.

The revenue increase is mainly attributable to our enhanced service offering and additional capacity deployed in the Québec City-Windsor corridor which resulted in higher ridership and improved average fares.

Our operating expenses before pension and benefits costs totalled 663 million dollars—a 4.7% increase compared to 2018. This increase stems in part from the added capacity deployed in the Corridor, as well as from annual salary increases and annual contractual costs increases for other operating expenses.

And while we have observed very positive results in terms of revenues, we continue to work on a better productivity and reduction of costs where possible.

Contributions to our pension and benefit costs totalled 28 million dollars in 2019, compared to 32 million dollars in 2018. This decrease stems from the improved performance of the pension plans which resulted in lower costs for past services.

Total operating expenses amounted to 692 million for the year, which represents a 4.0% increase compared to 2018.

VIA Rail received a government operating funding of 280.7 million dollars, which is 8.1 million or 3.0% higher than in 2018.

In 2019, the government subsidy represented 43% of our overall operating expenses, as it did in 2018, meaning that VIA Rail has not increased its dependence on taxpayers.

Now, in terms of capital investments, a total of 268.8 million dollars was invested in improving service for passengers.

The biggest investments went to the following projects:

- 155 million dollars in the Corridor Fleet Replacement Program;
- 42 million in equipment projects, including our Corridor capacity protection program;
- 23 million in various station and maintenance centre projects. including our Ottawa, Winnipeg and Halifax stations;
- 19 million in information technology projects such as the reservation system, connectivity and communication system, and onboard Wi-Fi optimization;
- 18 million invested in infrastructure projects such as track and bridge improvements.

The many successes experienced in 2019 are the result of our teams' continuous hard work, dedication and desire to provide an excellent service while continuing to focus and progress on our modernization.

I would also like to thank our passengers for their continued support. Whether for business or leisure, it is always a pleasure to accompany them on their journey.

I am also pleased to inform you that this year VIA Rail received a five-year capital and operating funding envelope from the Government of Canada, which will allow us to continue investing in strategic initiatives and pursue our transformation in order to provide improved services to passengers across Canada.

Now, as you know our organization has faced significant challenges this year. In response to the pandemic, VIA Rail has taken actions to reduce as much as possible the financial impacts of this crisis.

We are monitoring the situation closely and are working on gradually welcoming our passengers back on our trains, while continuing to offer a safe and comfortable travel experience.

Thank you.