

SPEAKING NOTES:

PATRICIA JASMIN, CHIEF FINANCIAL OFFICER

Thank you, Jean-Francois. I'm delighted to be with you all today. My name is Patricia Jasmin and I am the Chief Financial Officer for VIA Rail. Complete versions of my speech are available for download in both official languages on the webcast website.

2015 was another successful year for us. We maintained our strong financial performance from 2014 and reduced our operating deficit.

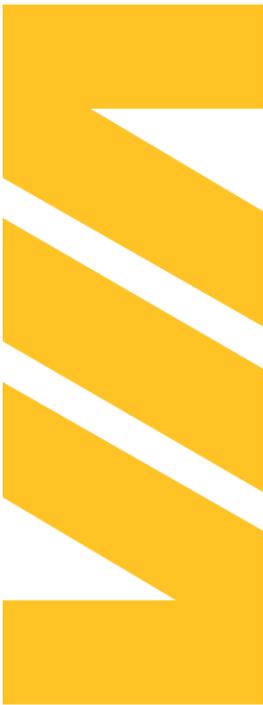
Indeed, revenues went up by 6.2% in comparison to 2014. This was accomplished by adjusting both capacity, to better meet market demand, and ticket fares, to bring them closer to "market value".

We achieved these good results despite a drop in our 2015 On-Time Performance to 71% compared to 76% in 2014. VIA Rail revenues for 2015 rose to \$298 million overall. This includes passenger revenues of almost \$275 million, plus \$23 million in revenues from stations and third parties.

This revenue increase was a result of VIA Rail's aggressive marketing campaigns, new mobile app, as well as improved product offerings such as the Prestige class that was launched on the *Canadian* in March, and the completion of the refurbishment of our 38 Economy class LRC cars.

Our operating expenses stood at \$520M – a 2.2% increase over 2014. The frequencies that we added in the Corridor East and the related maintenance costs for the added equipment accounted for this increase.

In 2015, we posted an operating loss of \$222 million before pension plan contributions and employee benefits, which is down 2.8% over the previous year.



Contributions to our pension plans and employee benefits came in at \$58 million in 2015, versus \$88 million in 2014. This was predominantly due to the improved financial situation of our pension plans, resulting in a reduction in obligatory contributions.

This drop in expenses meant that we could reduce our government funding to \$280 million, or \$37 million less than the previous year. In 2015, the subsidy represented 48% of our Total Operating expenses which was a reduction of 5 % compared to 2014. Simply put, this means that VIA Rail relied less on government funding than it did on its generated revenues, reducing our dependency on taxpayer money. This was a goal that VIA Rail had set itself, and we are very happy to have achieved it.

The amount of Capital funding provided by the Federal Government in 2015 was more good news for VIA Rail. We were allocated \$16M more than in 2014, allowing VIA Rail to invest a total of \$98M in 2015 to provide better service to our customers.

The bulk of this money was used to fund the following projects:

- \$30M for major equipment projects, particularly the LRC fleet revitalization
- \$20M for major infrastructure projects, primarily on the infrastructure between Montréal and Ottawa
- Over \$22M for Information Technology projects, in particular modernizing our reservation and workforce management systems, and launching a mobile app, and
- \$13M for other infrastructure projects, including the acquisition of CP's Brockville subdivision.

The momentum we gained in 2014 continued into 2015.

We are now confident that 2016 will also bring its share of success. We are currently working to produce financial analyses for two projects that rank as major undertakings in the history of VIA Rail: the fleet renewal and our dedicated track project.

Thank you.