

# 2007 Annual Report Technical Briefing

April 30, 2008



**Crown Investments Corporation  
of Saskatchewan**

[www.cicorp.sk.ca](http://www.cicorp.sk.ca)

# Introduction

- CIC:
  - is the holding company for the Crown sector.
  - Crowns are accountable to the CIC Board.
- Two sets of financial statements:
  - Consolidated:
    - Use generally accepted accounting principles (GAAP); and,
    - Crown sector viewed as a single company.
  - Non-consolidated:
    - Special purpose statements;
    - Prepared at the direction of the Legislature; and,
    - Primarily reflects the cash inflows (e.g., dividends from Crown corporations) and outflows of the holding company.
- Results of all subsidiary Crowns have been tabled.

# CIC Crown Sector



# Public Policy Initiatives

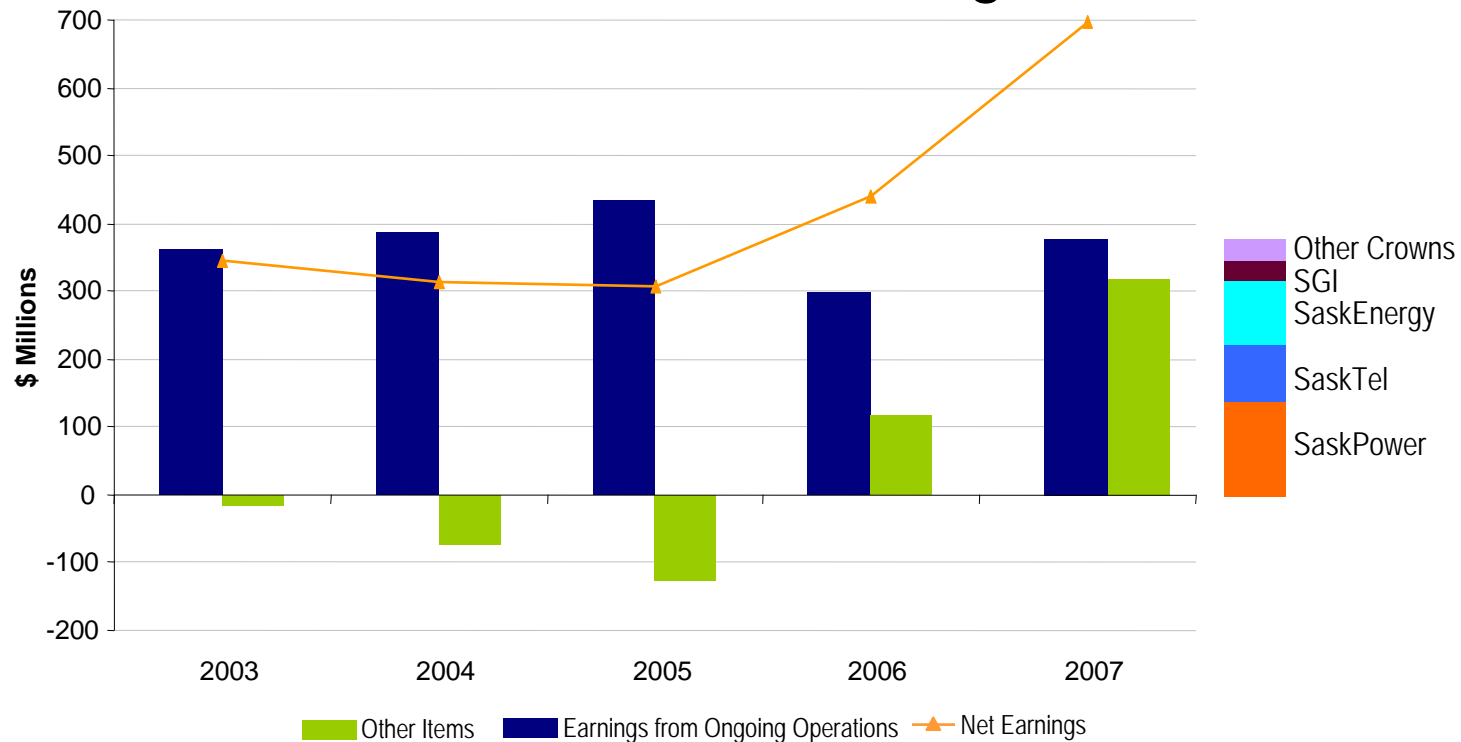
- Saskatchewan EnerGuide for Houses
- CIC Economic Holdco Ltd. (Saskatchewan Entrepreneurial Fund Joint Venture)
- CIC Apex Equity Holdco Ltd. (Apex Investment Fund Limited Partnership)
- First Nations and Métis Fund Inc.
- Gradworks Inc.
- STC Subsidy on Operating and Capital

# Consolidated Financial Statements

## Comparison of 2007 Results with Budget

	\$ Millions			
	2007 Earnings Budget	2007 Earnings Actual	2007 CIC Dividends Budget	2007 CIC Dividends Actual
SaskPower	134.7	138.3	87.6	97.0
SaskTel	61.4	84.1	30.0	30.0
SaskEnergy	69.1	88.1	52.0	53.0
SGI	37.8	35.1	24.6	22.8
Investment Saskatchewan	27.8	11.5	27.8	10.3
Information Services Corporation	7.5	23.0	2.0	8.0
SaskWater	(0.4)	(0.6)	-	-
STC	(8.5)	(6.7)	-	-
SOCO	4.4	3.7	-	-
NewGrade	74.9	74.6	73.7	-
Gain on Sale - NewGrade	-	250.1	-	-
Lowest Utility Bundle Public Policy	(50.0)	-	-	-
Other, Adjustments	(15.1)	(4.9)	-	-
<b>Consolidated Earnings</b>	<b>343.6</b>	<b>696.3</b>	<b>297.7</b>	<b>221.1</b>

# Consolidated Earnings



## Analysis of earnings:

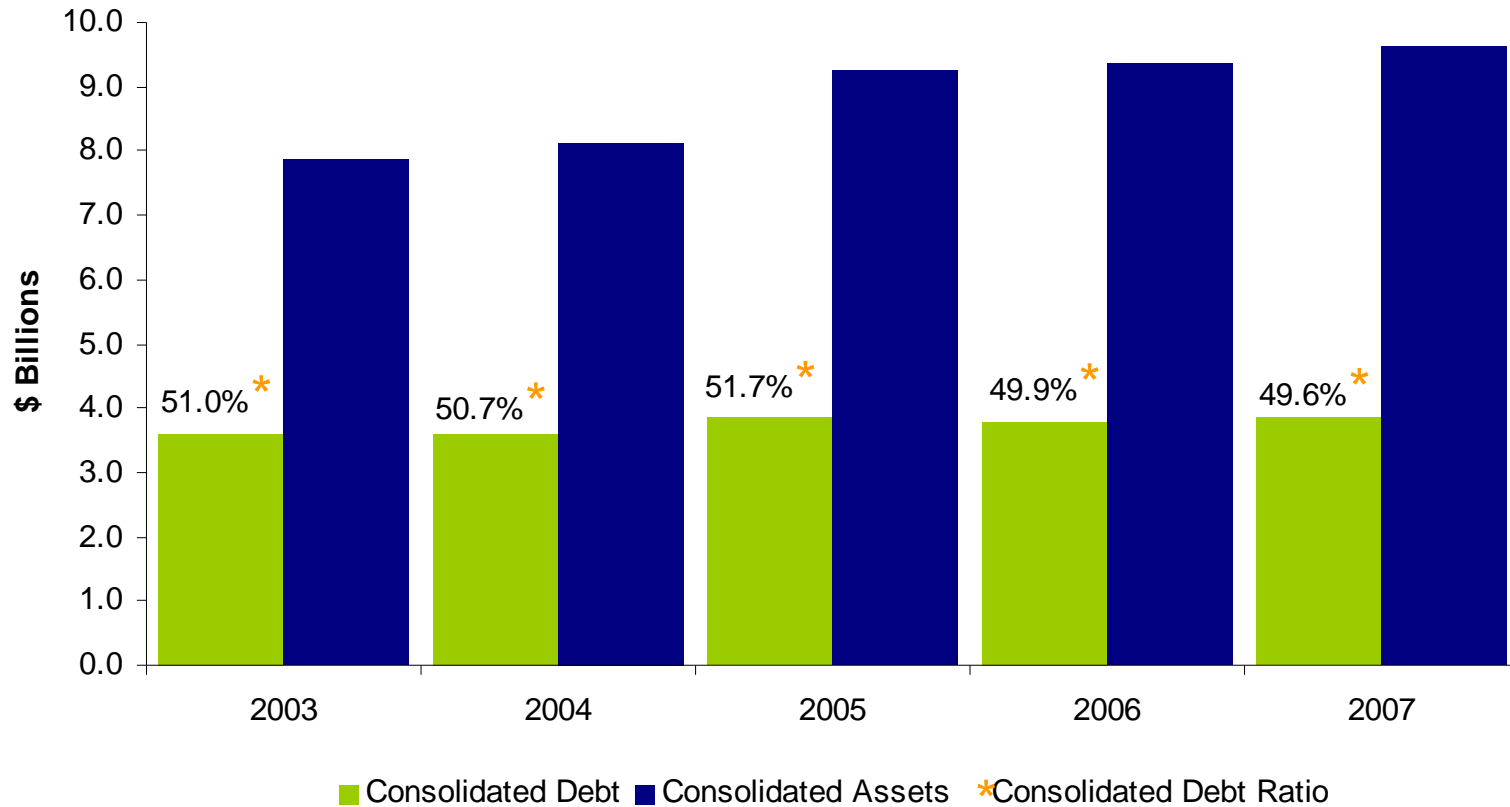
- Continued strong earnings from core operations;
- Sale of NewGrade had significant impact on 2007 performance; and,
- Fluctuations in net earnings related to non-operating items.

## Other factors affecting earnings:

- Gains on discontinued operations of \$23.8M; and,
- Non-recurring items of \$294.2M includes \$250.1 M gain on NewGrade sale.

Proceeds	386	
Less: Selling Cost	(3)	
Net Proceeds	383	(CIC Non-Consolidated Gain on Sale)
Net Book Value	133	
Gain on Sale	<u>250</u>	(CIC Consolidated Gain on Sale)

## Consolidated Debt



- Debt to equity ratio remained at 50%.
- Debt ratio has remained relatively constant over prior five years.
- Debt ratio is calculated as  $(\text{total debt}) \div (\text{total debt} + \text{equity})$ .

# 2007 Non-Consolidated Earnings

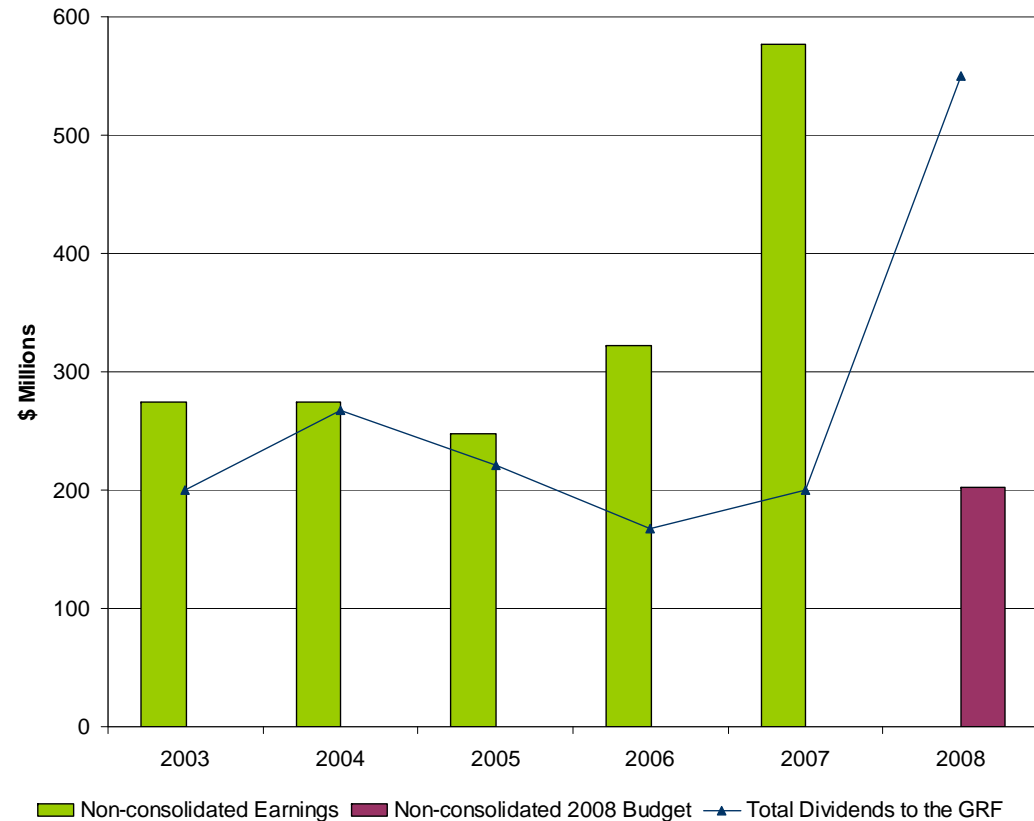
- These statements:
  - isolate the holding company's cash flow, STC subsidy and public policy expenditures; and,
  - determine dividend capacity to the GRF.

	\$ Millions		Dividend (% of earnings)
	Budget	Actual	
Dividends to CIC			
SaskPower	87.6	97.0	70%
SaskTel	30.0	30.0	36%
SaskEnergy	52.0	53.0	60%
SGI	24.6	22.8	65%
Investment Saskatchewan	27.8	10.3	90%
Information Services Corporation	2.0	8.0	35%
NewGrade	73.7	-	-
Total Dividend Revenue	<b>297.7</b>	<b>221.1</b>	
STC Funding	(27.2)	(20.6)	
Gradworks	(2.7)	(2.4)	
SaskWater	-	(0.1)	
Saskatchewan Energuide	(2.5)	(5.8)	
Lowest Utility Bundle Public Policy	(50.0)	-	
Gain on Sale of NewGrade	-	383.1	
Other Income & Expenses	(32.7)	1.6	
Non-Consolidated Earnings	<b>182.6</b>	<b>576.9</b>	
Dividend to the GRF	<b>200.0</b>	<b>200.0</b>	

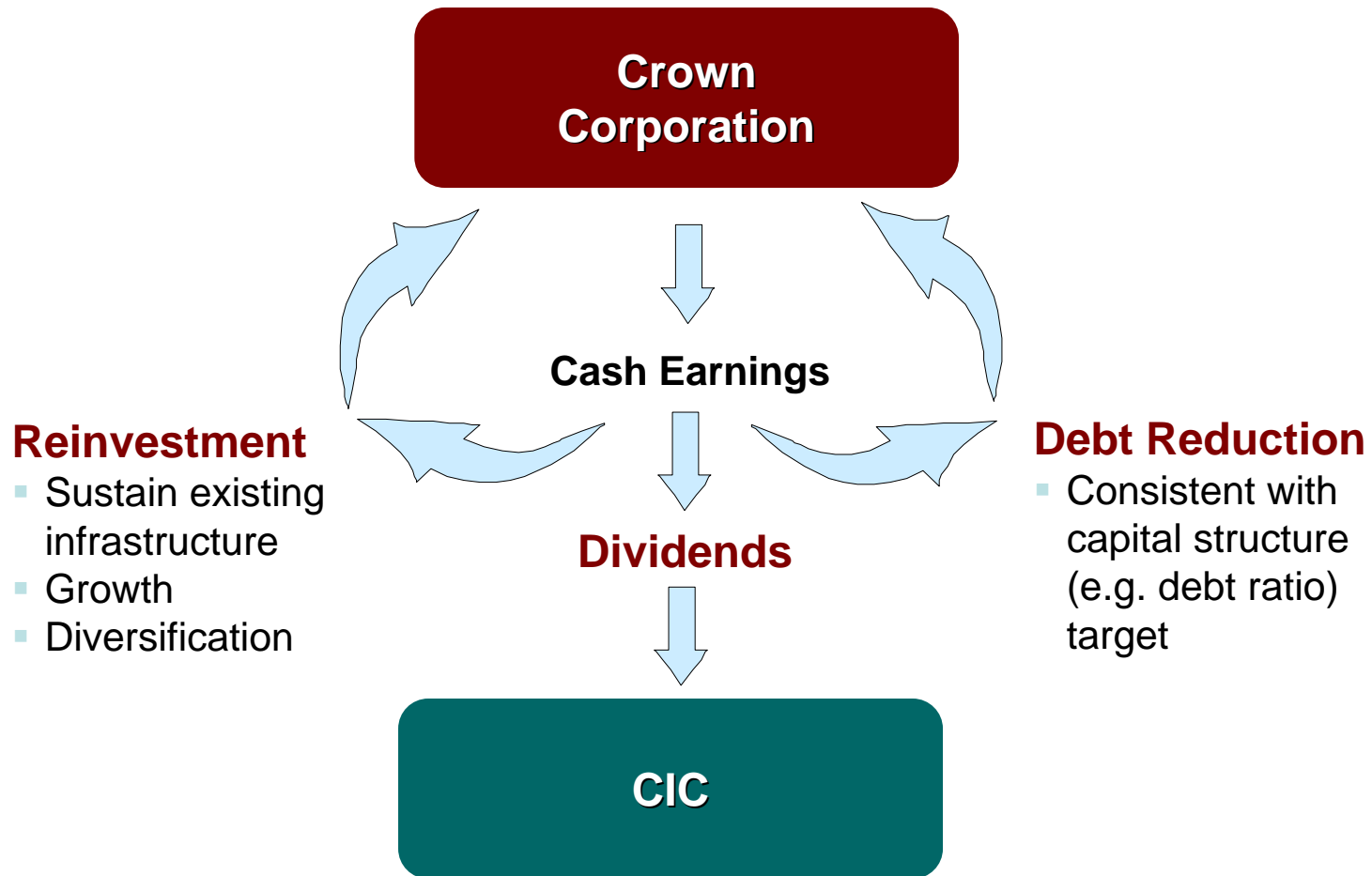


## 2007 GRF Dividend

- CIC has paid dividends to the GRF of almost \$1.2B in the last five years.
- CIC paid dividend to GRF of \$200.0 M.



# Capital Allocation Framework



## Summary

- Strong Crown sector earnings result in higher than budgeted dividends to the GRF.
- Debt continues to be maintained at a prudent level.

## Outlook for 2008

- Consolidated earnings budget of \$371.9M.
- Dividend to the GRF of \$550M targeted for 2008.
- \$130M equity repayment in 2008.
- Capital spending in the Crown sector projected to increase in the medium to longer term.

# Significant Accounting 2008 Changes

- Capital Disclosures
- Financial Instruments – disclosures
- Financial Instruments – presentation
- Inventories
- International Financial Reporting Standards (2010 comparatives)

Questions?

