



**Speaking Notes for
Jennifer Camelon**

**Chief Financial Officer
and Senior Vice-President, Finance & Administration
Royal Canadian Mint**

2020 Annual Public Meeting

Ottawa, Ontario

June 15, 2020

Check against delivery

I would like to advise everyone that certain comments being made today may contain forward-looking statements about the Mint's strategy and expected financial and operational results. Forward looking statements are based assuming there will be no change to the Mint's current mandate. Key risks are outlined in the company's annual and quarterly financial reports. These factors may cause actual results to differ substantially from the expectations stated or implied in forward looking statements.

I am pleased to provide highlights of our 2019 financial results and our outlook for 2020.

Overall, the Mint delivered 42.3 million dollars in profit before income tax and other items in 2019, down 8% from last year.

The Mint's revenues increased 2% to 1.5 billion dollars in 2019, driven primarily by stronger global bullion market demand, resulting in higher silver bullion coin volumes.

Canadian Circulation revenues were consistent year over year at 95 million dollars. An increase in revenue from the commemorative circulation coin program in 2019 was offset by lower fixed costs billed to the Department of Finance. The overall demand for coins declined 8% to 3.1 billion coins. In 2019, the Mint launched two special circulation coins. A two-dollar coin honoured the 75th Anniversary of D-Day and a one-dollar commemorated 50 years of progress in advancing the rights of LGBTQ2 Canadians.

Foreign Circulation business revenues were 65.4 million dollars, down 31% from the exceptional year in 2018. The Mint shipped 1.3 billion coins and blanks to 10 countries in 2019, and the Mint won 11 new production contracts for a total of 1.5 billion coins.

The Bullion Products and Services business revenues increased from 1.1 billion dollars in 2018 to 1.2 billion in 2019. The increase in revenue was attributed to stronger global market demand, in particular for silver bullion products. Sales volumes for gold bullion products decreased 8% while silver bullion product sales volumes increased 24%. The average price of gold increased 10% last year, but the average price of silver remained consistent. The Mint maintained its leadership position in the bullion market in 2019. Due to its global presence, the Mint capitalized on an increase in demand for silver bullion products, outside of North America, resulting in higher revenue. The Mint's storage and refinery revenues, which increased 8% last year, remain a stable contributor to the Mint's overall profitability.

The Mint continues to execute on its numismatics strategy. During 2019, the Mint streamlined its numismatic product offering in response to customer feedback. In less than a year, it increased its net promoter score, which helps measure customer loyalty, by 26%.

Numismatics revenue remained consistent year over year at 117 million dollars, with the increase in revenue from the sale of gold products driven by custom products. A more streamlined product offering reduced revenue from silver and other product sales.

Operating expenses increased 1% in 2019 to 94.5 million dollars, compared in 2018. The increase in administration expenses was largely due to higher employee compensation costs. The decrease in sales and marketing expenses was largely attributed to the optimization of operating costs, including employee compensation costs and marketing campaign costs, in line with the updated numismatics strategy.

Cash generated from operating activities in 2019 was 57.1 million dollars - a 17.4 million increase compared to 2018.

The increase was primarily due to the timing of customer billings and payments to vendors, partially offset by higher income taxes paid and the absence of foreign tax credits received in 2018, combined with higher precious metal inventory purchases in 2019. Cash required to fund capital expenditures was lower, at 11.4 million compared to \$13.9 million in 2018, because of continued measured capital investment.

I am proud to announced that the Mint paid the Government of Canada a dividend of 40 million dollars in 2019 - 30 million more than the dividend paid in 2018. Through the efficient management of the coin supply including production, the Mint supported the Government of Canada in earning more than \$26 million dollars in seigniorage, on its sales of coins to financial institutions in 2019.

Looking forward, the Mint's financial goal for 2020, as approved in the Mint's 2020-2024 Corporate Plan, is 25.5 million dollars. In the first quarter of 2020, the Mint's profit before income tax and other items was \$6.5 million, a decrease of 40% from the first quarter of 2019. The Bullion Products and Services and Foreign Circulation businesses had a strong quarter. Revenue from the Numismatic business was lower due to a planned smaller, more resonant portfolio. The outbreak of COVID-19 in March 2020 had a negative impact on order fulfillment and shipments, and like many other business, the Mint's temporarily closed its two boutiques.

We are working diligently to mitigate the impacts of COVID-19 on our business performance while following government guidance and prioritizing the health and safety of our employees. The Mint temporarily suspended or modified production at the end of the first quarter and into the second quarter, but full production resumed on May 25.

We continue to implement further safety measures to allow for more employees in our production facility per shift and to increase the number of shifts to accommodate the entire workforce.

As part of its business continuity plan, the Mint is actively monitoring its global supply chain and logistics networks in support of its continued operations. Despite our best efforts, we expect COVID-19 to continue to affect the Mint's performance over the balance of 2020.

Thank you.