



# INVESTOR PRESENTATION WINTER 2023

*Saskatchewan* 

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# Saskatchewan and Selected Provinces



## Saskatchewan

651,036 km<sup>2</sup>  
1,209,107 people  
\$67,010 GDP/capita



## Alberta

661,848 km<sup>2</sup>  
4,695,290 people  
\$73,020 GDP/capita



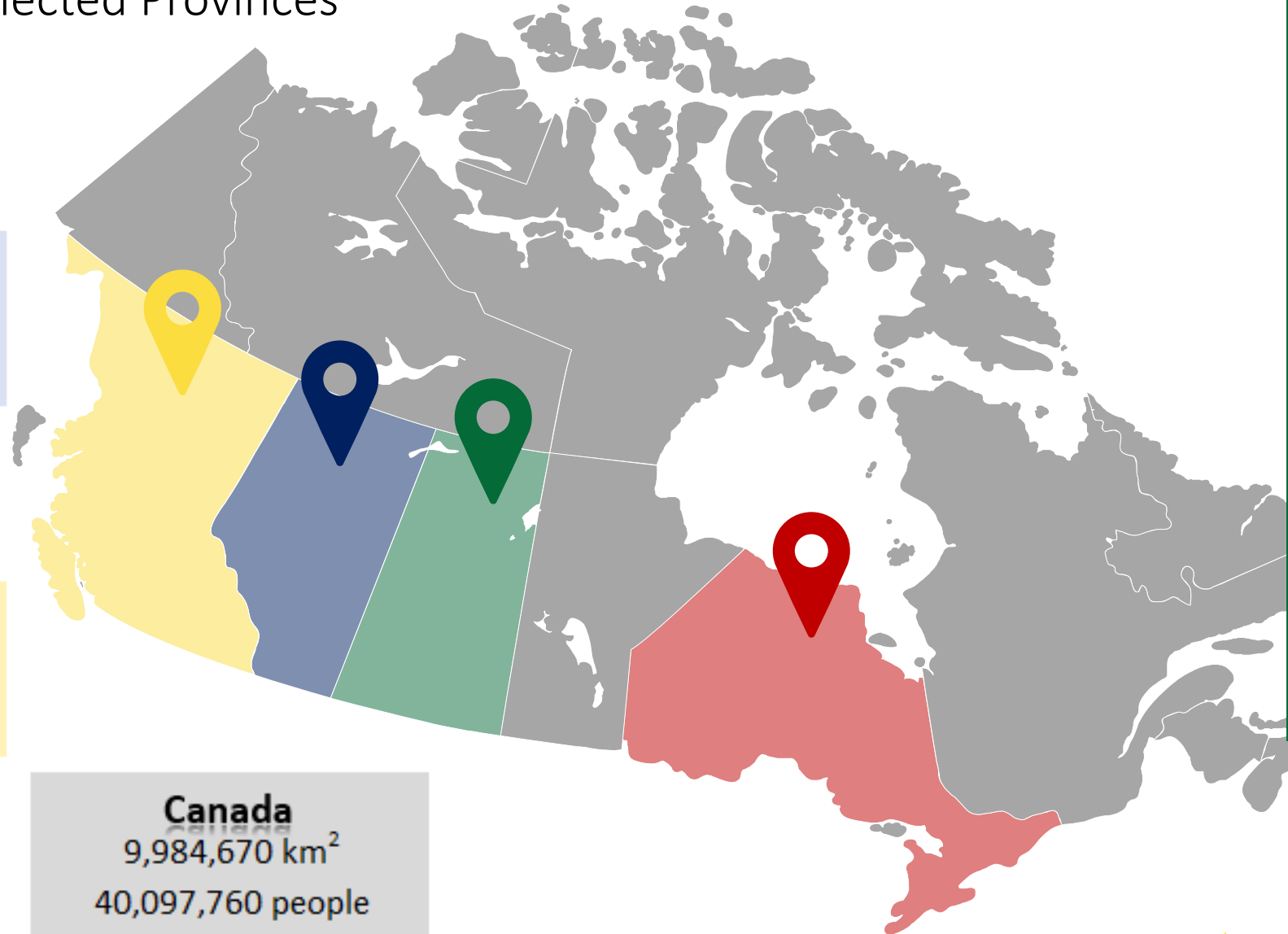
## Ontario

1,076,395 km<sup>2</sup>  
15,608,369 people  
\$58,650 GDP/capita



## British Columbia

944,735 km<sup>2</sup>  
5,519,013 people  
\$59,370 GDP/capita



## Canada

9,984,670 km<sup>2</sup>  
40,097,760 people  
\$58,370 GDP/capita

# The Saskatchewan Difference

## Economic Stability

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- Diversified economy balances cyclicalities of non-renewable resources and agriculture
- Growing population
- Canada's most affordable provincial jurisdiction when combining low tax, housing and utility costs
- Majority government – next election in 2024

## Fiscal Responsibility

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- Budget balance and low debt are Saskatchewan's fiscal anchors – among lowest net debt/GDP of provinces
- Long history of managing variable revenue leads to fiscal forecast conservatism
- Competitive business tax combined with attractive manufacturing and value-added processing incentives

## Financial Flexibility

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- Strong credit ratings
- Low reliance on federal transfer payments
- Access to \$8B in liquidity (\$4B short-debt capacity, \$2.5B sinking fund, \$1.5B cash reserves)

# Credit Ratings

Agency	Long-Term Date of Last Action	Short-Term	Trend	ESG Scoring
Moody's	Aa1 May 21, 2021	Not Rated	Stable	CIS-2 Neutral
Standard & Poor's	AA June 21, 2017	A-1+	Stable	-
DBRS Morningstar	AA (low) June 18, 2020	R-1 (middle)	Stable	ESG Assessment Relevant/Not significant
Fitch	AA December 13, 2013	F1+	Stable	ESG Relevance Level 3 Neutral/Minimal



# Forest

Covers northern portion of the province —

**34 million hectares**

(84 million acres)



# Farmland

Covers most of the remaining area —

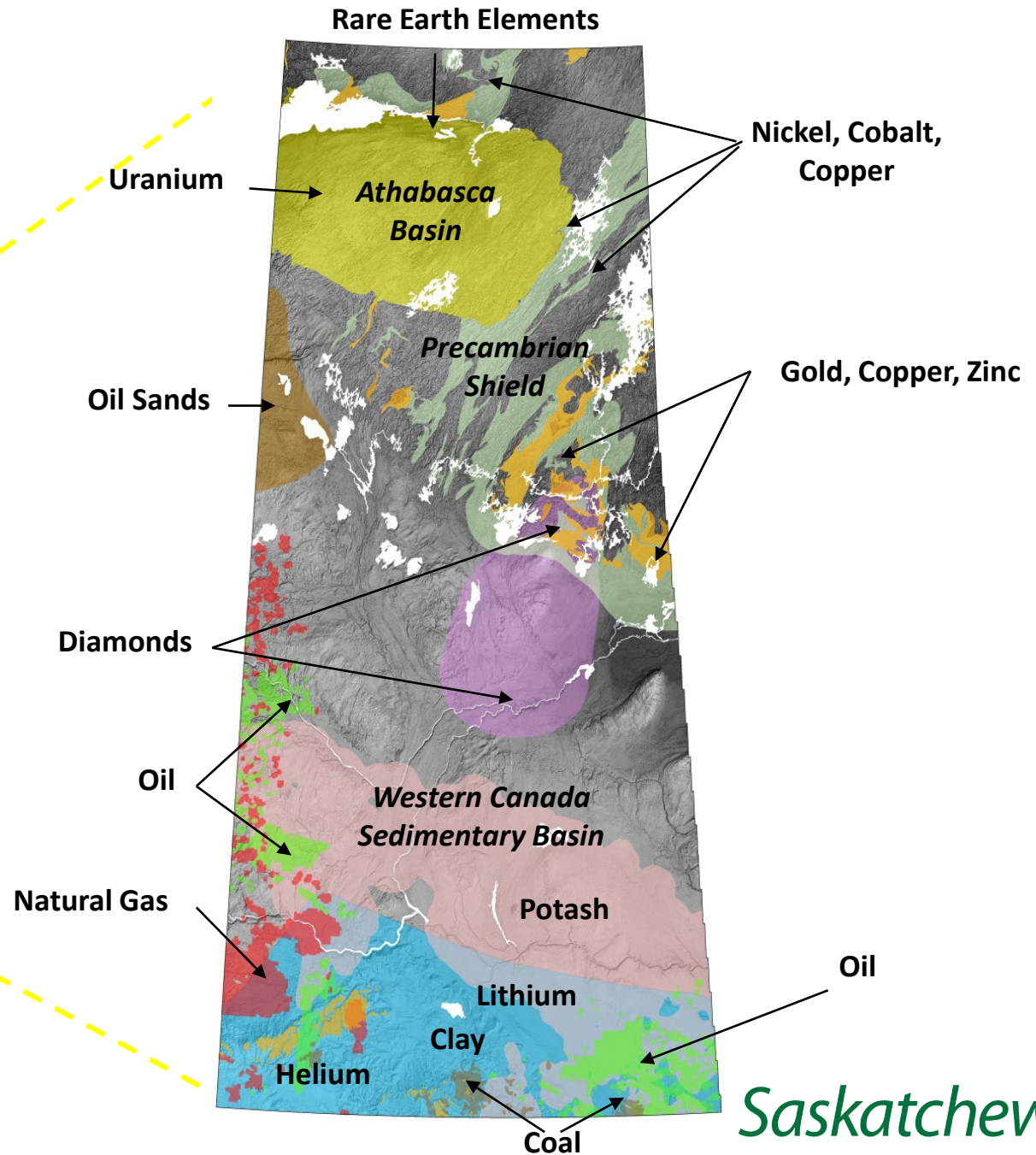
**24 million hectares**

(60 million acres)





# Subsurface Minerals



# Crown Sector

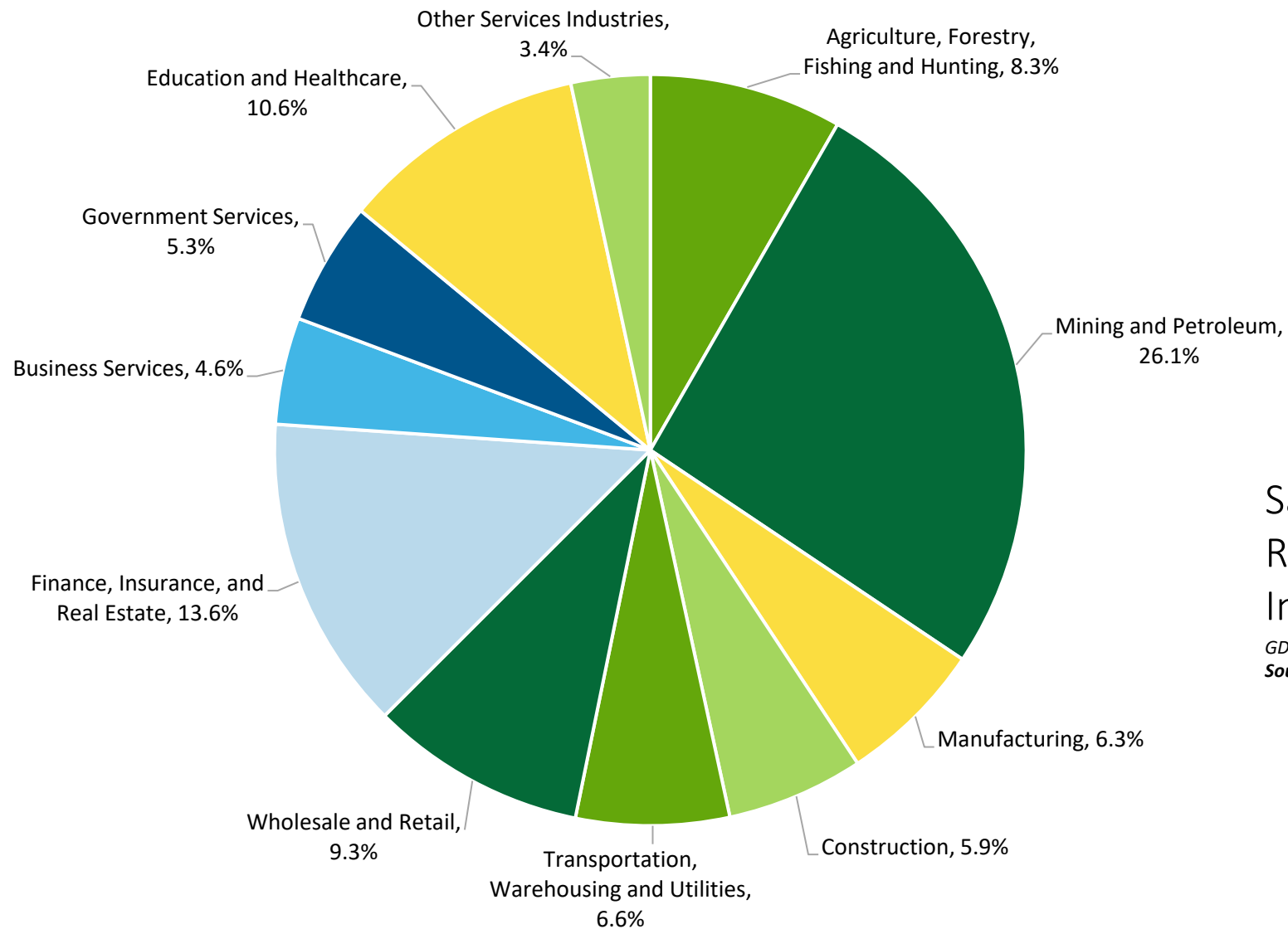


<sup>1</sup> SGI CANADA administers the Saskatchewan Auto Fund, which is not a subsidiary Crown corporation; however, summarized operating results are provided in CIC's Consolidated Management Discussion & Analysis.

<sup>2</sup> On April 1, 2023, the Government of Saskatchewan created Lotteries and Gaming Saskatchewan (LGS), a new subsidiary Crown corporation reporting to CIC. The Saskatchewan Gaming Corporation became a wholly-owned subsidiary of the new LGS.



# Diversified Economy



## Saskatchewan Real GDP and Share by Industry, 2022

*GDP at Basic Prices by Industry, Chained (2017) dollars*  
**Source:** Statistics Canada, table 36-10-0402-01, accessed November 2023

# Agriculture

- 40% of Canada's total farm area
- Agri-food exports reached \$18.5 billion in 2022
- In 2022, Saskatchewan accounted for:
  - 56% of the world's canary seed exports
  - 45% of the world's lentil exports
  - 37% of the world's dry pea exports
  - 33% of the world's durum wheat exports





# Sustainable Agricultural Practices

- Agriculture industry is among the most innovative and sustainable in the world
- Leader in zero-till farming, storing more carbon in farmland than any other province
- Crop production carbon footprint much lower than global competitors and lower than Canadian averages
- Major producer of plant protein crops like lentils and dried peas
- Agriscience cluster in Saskatoon





# Sustainable Mining

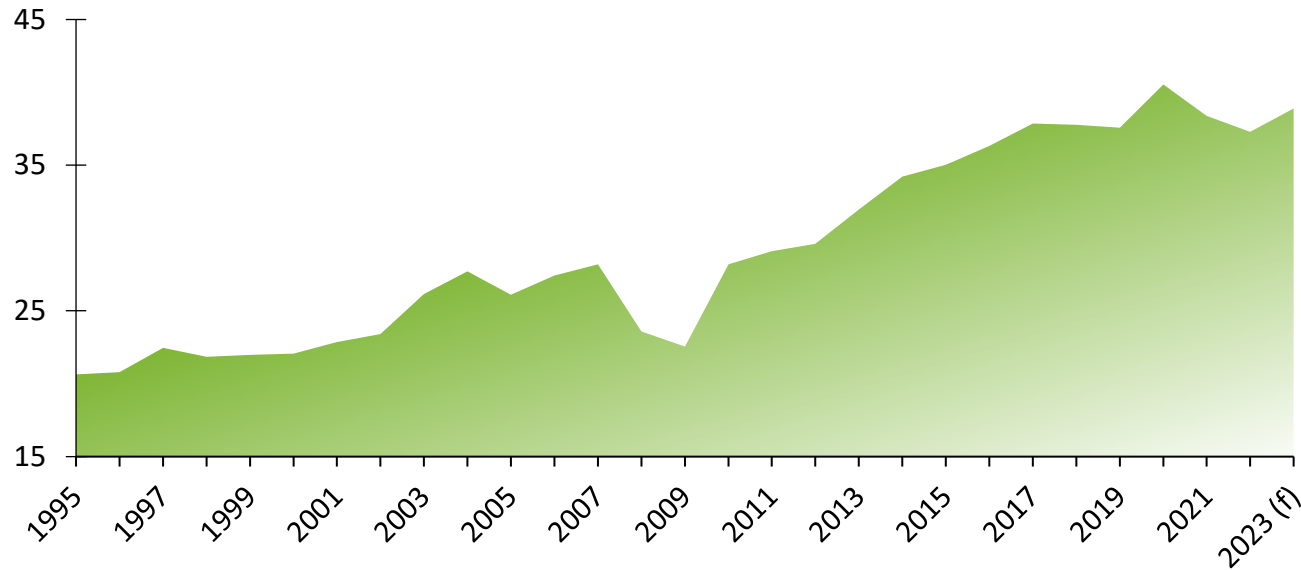
- Saskatchewan produces potash with 50% fewer emissions than competing jurisdictions
- Province's high-grade uranium deposits are an important global source of zero-carbon energy
- Occurrences of 23 of the 31 critical minerals including: cobalt, copper, graphite, helium, lithium, nickel, platinum group metals and rare earth elements





# Potash Consumption

**World Potash Consumption**  
*(millions of metric tonnes)*

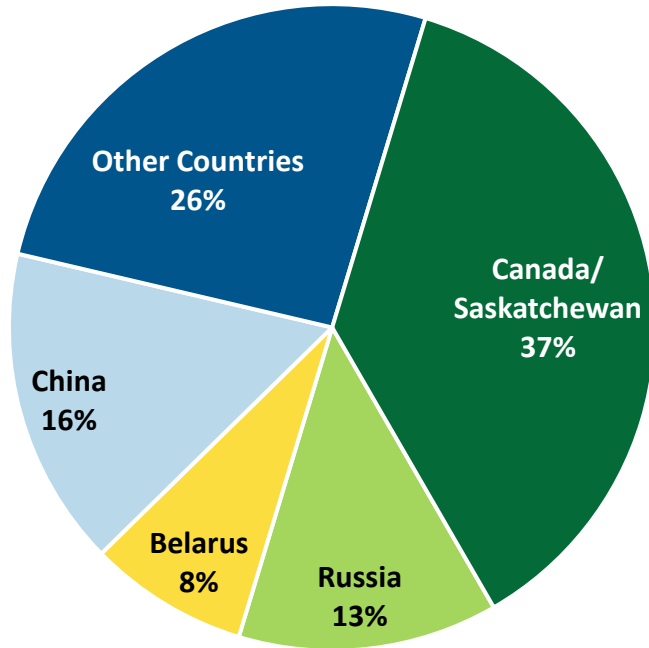


- Potash is used as a major nutrient in crop production and Saskatchewan is the largest producer with extensive reserves.

Source: <https://www.ifastat.org/databases/plant-nutrition>, accessed November 2023



# Potash Production Zones



- In 2022, Saskatchewan accounted for 37% of global potash production (typically one-third)
- Sanctioned production in Belarus and Russia is making its way to market, normalizing prices

Source: USGS, Mineral Commodity Summary, January 2023





# Energy

- Saskatchewan is Canada's 2<sup>nd</sup> largest producer of oil and 3<sup>rd</sup> largest producer of natural gas in Canada
- Saskatchewan oil production is conventional light, medium and heavy grades
- Home to the world's largest high-grade uranium deposits





# Clean Energy and Environmental Strategy

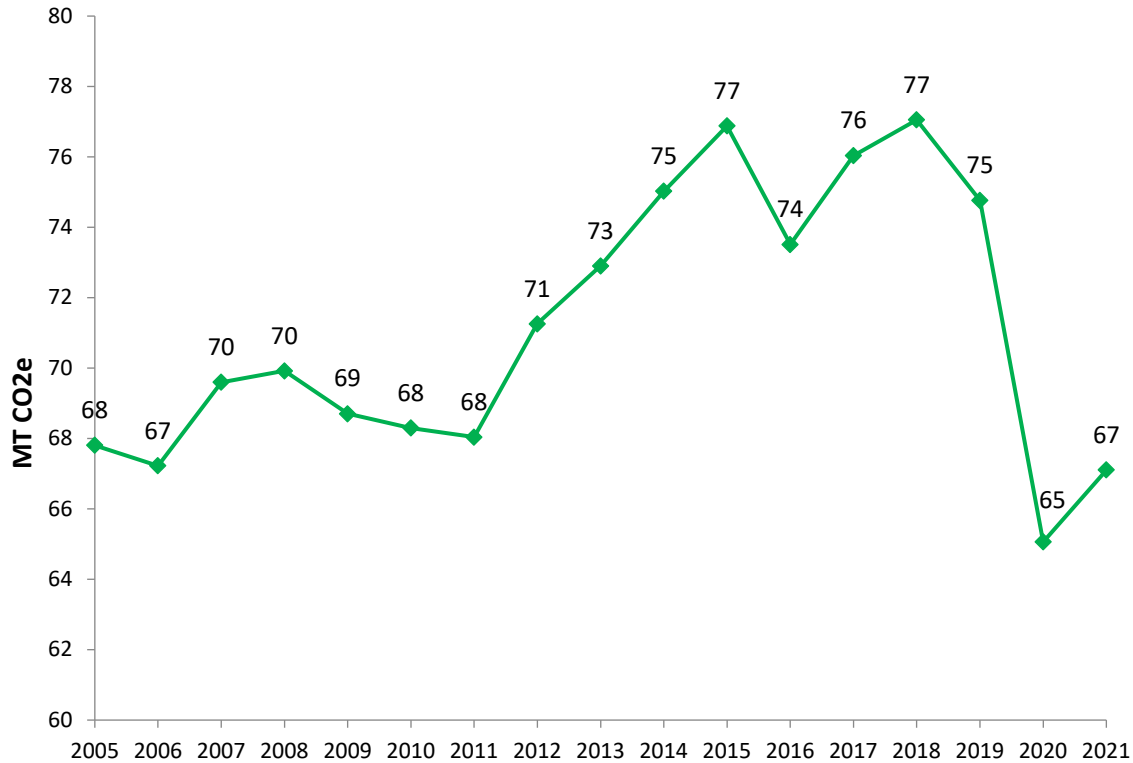
- Targeting 50% renewable power sources by 2030
- Transition to net zero to include small modular reactors
- Methane emission reduction targets for oil and gas
- World's largest commercial carbon capture facility



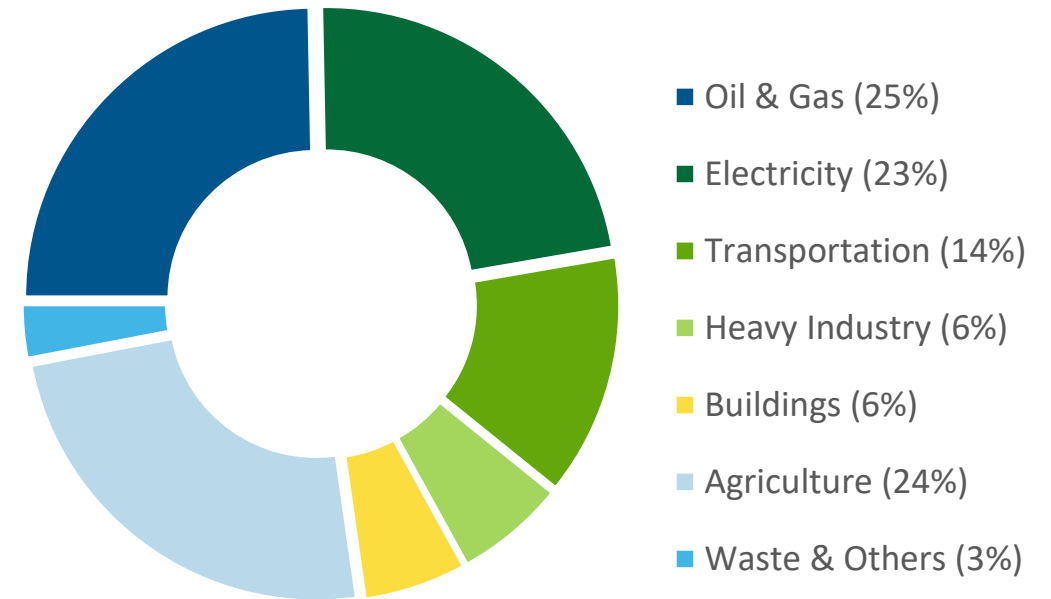


# GHG Emissions Profile

Saskatchewan's GHG Emissions, 2005-2021



Saskatchewan's GHG Emissions by Economic Sector, 2021



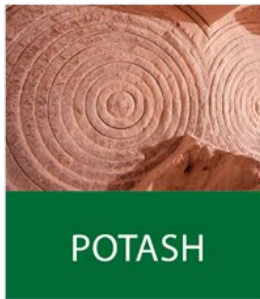
# Capital Investment

- Private sector capital investment is expected to grow by 27.0%, from \$10.4 billion in 2022 to \$13.2 billion in 2023
- Mining and oil and gas investment is expected to increase by 41.5%, from \$5.5 billion in 2022 to \$7.8 billion in 2023
- Major private sector capital projects with an aggregate estimated value of \$42.6 billion expected to be completed over the next 5 to 10 years





# Top International Export Products



\$16.3B



\$13.2B



\$4.7B



\$3.5B



\$2.7B



\$2.0B



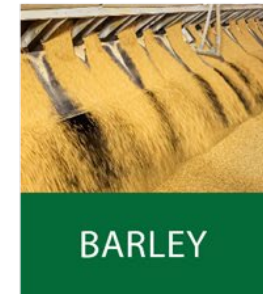
\$1.1B



\$913M



\$697M

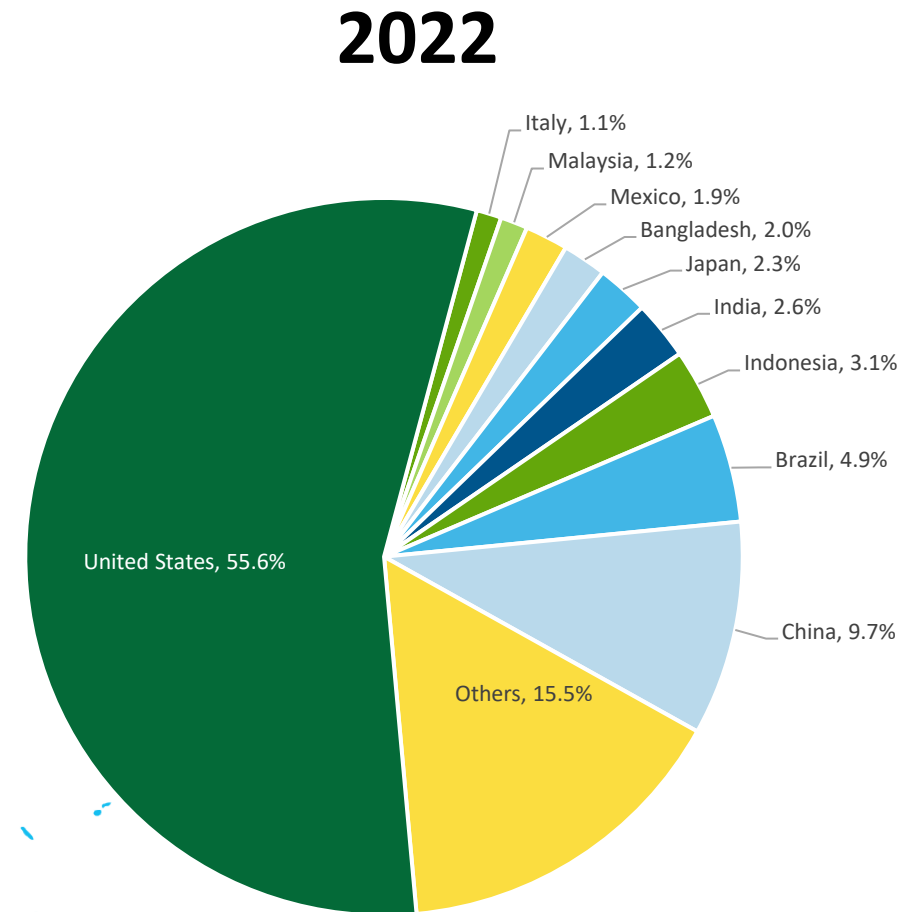
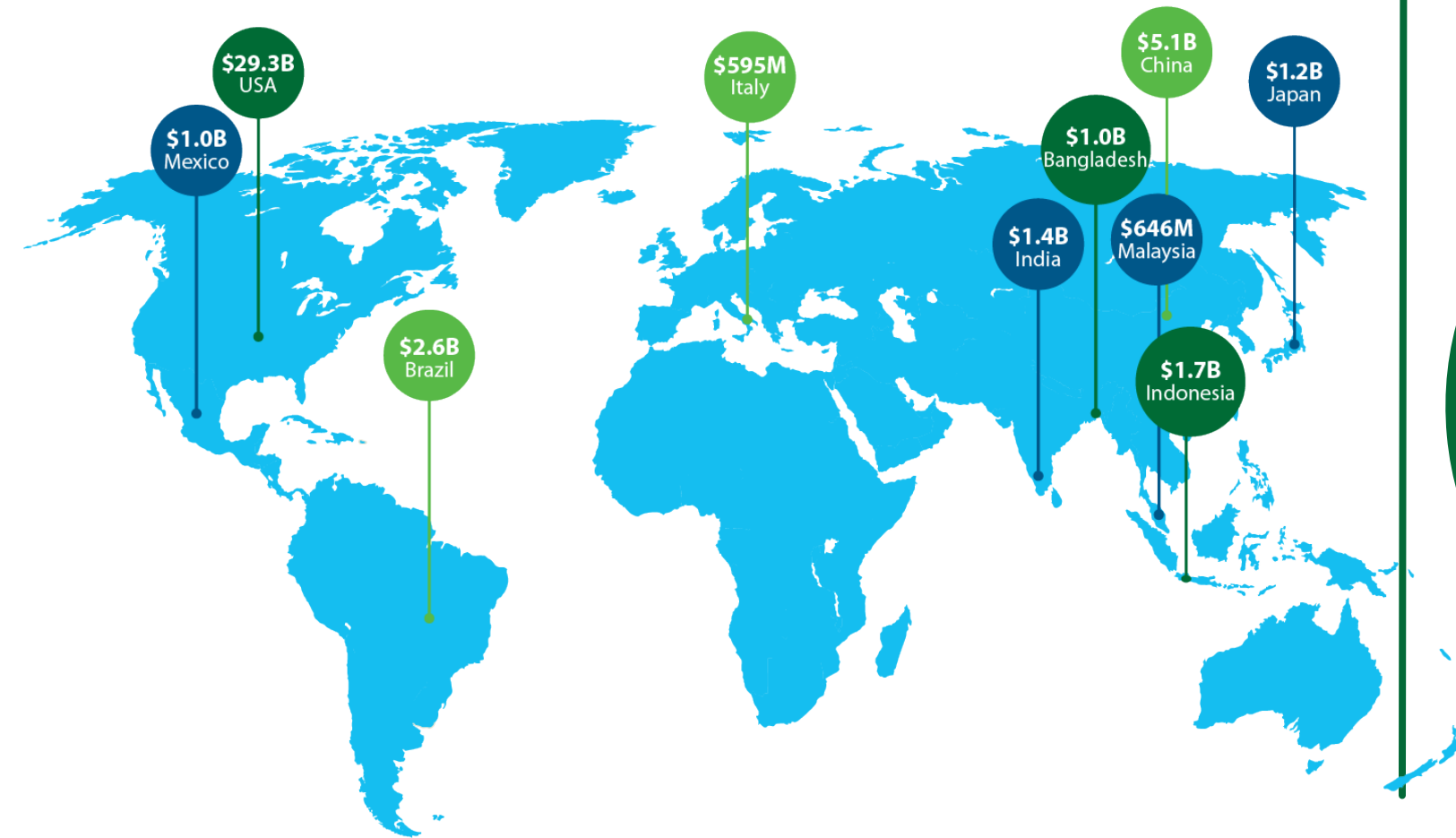


\$551M

Source: Canada Trade Data Online, accessed August 2023  
Data may not total 100% due to rounding  
Dollar figures are in \$CAN.

TOTAL EXPORTS FOR 2022 = \$52.6B

# Top Export Markets



Source: Canada Trade Data Online, accessed August 2023  
Data may not total 100% due to rounding  
Dollar figures are in \$CAN.



# Mid-year Fiscal Update

(millions of dollars)	2023-24			Change from	
	Budget	First Quarter	Mid-Year	Budget	First Quarter
Revenue	19,677.7	19,554.0	19,712.9	35.2	159.0
Expense	18,660.2	19,068.5	19,963.5	1,303.2	895.0
<b>Surplus/(Deficit)</b>	<b>1,017.5</b>	<b>485.5</b>	<b>(250.5)</b>	<b>(1,268.0)</b>	<b>(736.1)</b>
<b>Key Metrics</b>					
Gross Debt (\$M)	30,855	30,917	<b>31,565</b>	709.5	648.3
Net Debt (\$M)	14,128	14,348	<b>15,046</b>	918.2	698.2
Net Debt as % of GDP	12.9	13.3	<b>13.3</b>	0.4	-

## \$1.3B fiscal deterioration from budget

- Revenue remains flat, increases in all revenue categories almost entirely offset by decrease in non-renewable resources primarily due to lower potash prices.
- Expenses up \$1.3 billion due primarily to crop insurance and inflation-indexed pension adjustments.

# Economic Indicators at Mid-Year

## Private Sector Economic Forecast

(per cent change unless otherwise noted)

	Actual	2023-24 Budget		2023-24 Mid-Year	
	2022	2023	2024	2023	2024
Real GDP	6.0	1.5	1.5	1.6	1.3
Nominal GDP	29.2	1.7	1.4	-1.2	2.2
CPI	6.6	3.5	2.1	4.0	2.5
Employment growth, 000s	19.8	4.7	4.1	7.9	5.3
Unemployment rate, %	4.7	5.0	5.4	5.0	5.4

Sources: Statistics Canada, Chartered Banks, Conference Board of Canada and IHS Markit



# Resource Assumptions and Sensitivities

## Key Resource Assumptions

	2022-23		2023-24		Change from	
	Actual	Budget	First Quarter	Mid-Year	Budget	First Quarter
WTI Oil Price (US\$/barrel)	89.59	79.50	74.47	80.22	0.72	5.75
Light-Heavy Differential (% of WTI)	18.9	23.8	13.9	14.1	(9.7)	0.2
Well-head Oil Price (C\$/barrel) <sup>1</sup>	91.26	78.07	77.97	85.14	7.07	7.17
Oil Production (million barrels)	166.7	170.5	167.2	166.8	(3.7)	(0.4)
Potash Price (netback, US\$/KCl tonne) <sup>2</sup>	562	369	338	263	(106)	(75)
Potash Price (netback, C\$/K <sub>2</sub> O tonnes) <sup>2</sup>	1,205	814	744	663	(150)	(81)
Potash Sales (million KCl tonnes) <sup>2</sup>	22.8	25.0	24.5	23.5	(1.5)	(1.0)
Potash Sales (million K <sub>2</sub> O tonnes) <sup>2</sup>	13.9	15.3	14.9	14.4	(0.9)	(0.6)
Canadian Dollar (US cents)	75.64	74.35	74.64	74.83	0.48	0.19

<sup>1</sup> The average price per barrel of Saskatchewan light, medium, and heavy oil

<sup>2</sup> Ministry of Finance calculations derived from calendar-year forecasts, KCl figures are estimated from K<sub>2</sub>O statistics at 0.61 conversion rate

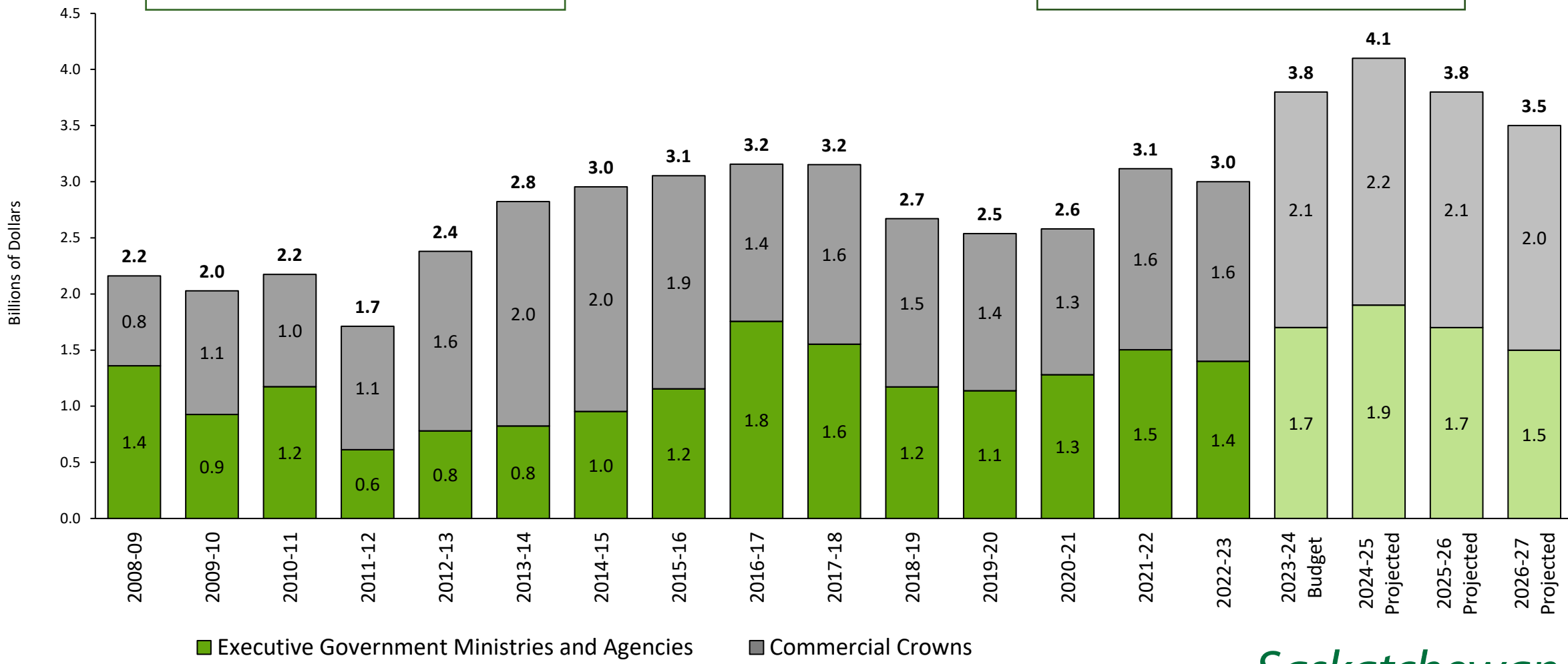
## Key Sensitivities

- **WTI Oil Prices**
  - \$16M for each US\$1/barrel
- **Exchange Rate**
  - \$48M for each U.S. cent
- **Potash Prices**
  - \$66M for each US\$10/KCl tonne

# Government Capital Expenditures

\$39.7B of capital investments since 2008-09

\$15.2B of capital investments over next 4 years





# Low Debt Burden

## Gross Debt

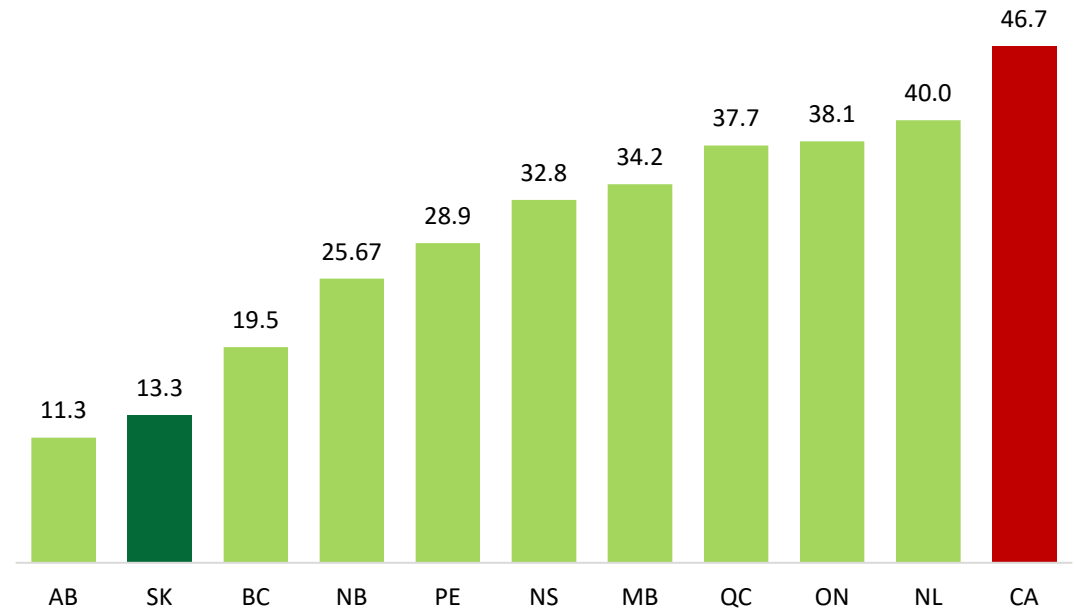
As at March 31

(millions of dollars)	2023-24		
	<i>Budget</i>	First Quarter	Mid-Year
General Revenue Fund			
- Operating	7,463.9	7,463.9	<b>7,463.9</b>
- Saskatchewan Capital Plan	10,371.1	10,371.1	<b>11,171.1</b>
Other Government Service Organizations	248.8	250.5	<b>249.5</b>
<b>Taxpayer-Supported Debt</b>	<b>18,083.8</b>	<b>18,085.5</b>	<b>18,884.5</b>
Government Business Enterprises	12,771.5	12,831.0	12,680.3
<b>Self-Supporting Debt</b>	<b>12,771.5</b>	<b>12,831.0</b>	<b>12,680.3</b>
<b>Total</b>	<b>30,855.3</b>	<b>30,916.5</b>	<b>31,564.8</b>

- Additional \$800M in Capital Plan debt due to change in current year fiscal forecast.
- Plan to retire \$988 million in operating debt unchanged.

## Net Debt as a % of GDP Forecast

2023-24 Fiscal Yearend Projection



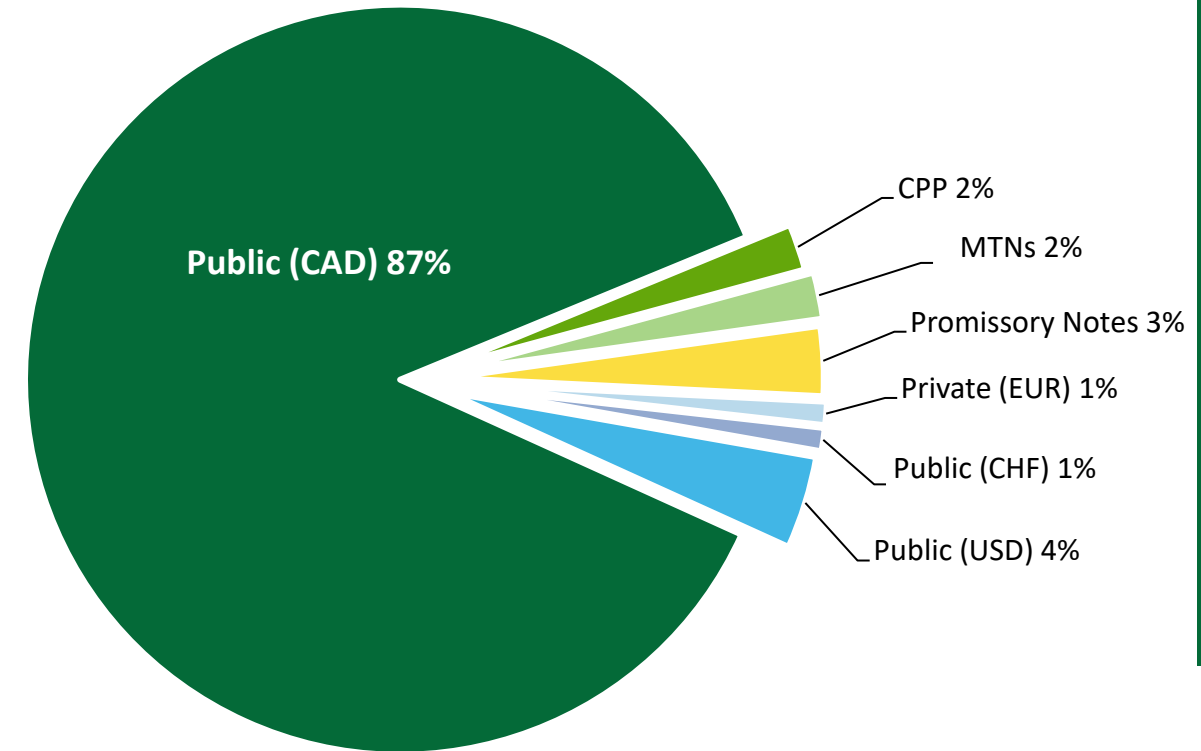
Sources: Net Debt: Jurisdictions most recent data (as of November 21, 2023).

GDP: SK-Average Private Sector forecast, Canada and other provinces-CBoC (Data Released in August, 2023)

# Debt and Liquidity

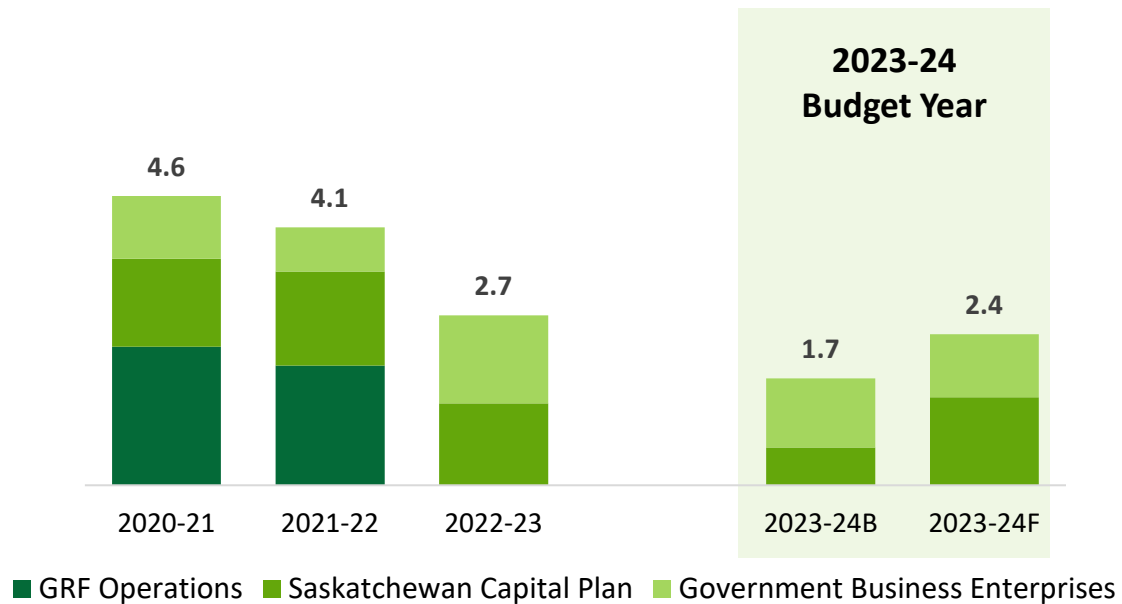
- CAD benchmarks
  - Global SEC USD shelf
  - Reinstating EMTN program
  - Opportunistic offshore issuance
  - Longer term debt maturity profile (~15 years)
- Sinking fund (~CAD \$2.5B)
  - \$4.0B short debt capacity (\$1.5B drawn)
  - \$1.25B – \$1.75B liquid reserves

Composition of Gross Debt Outstanding



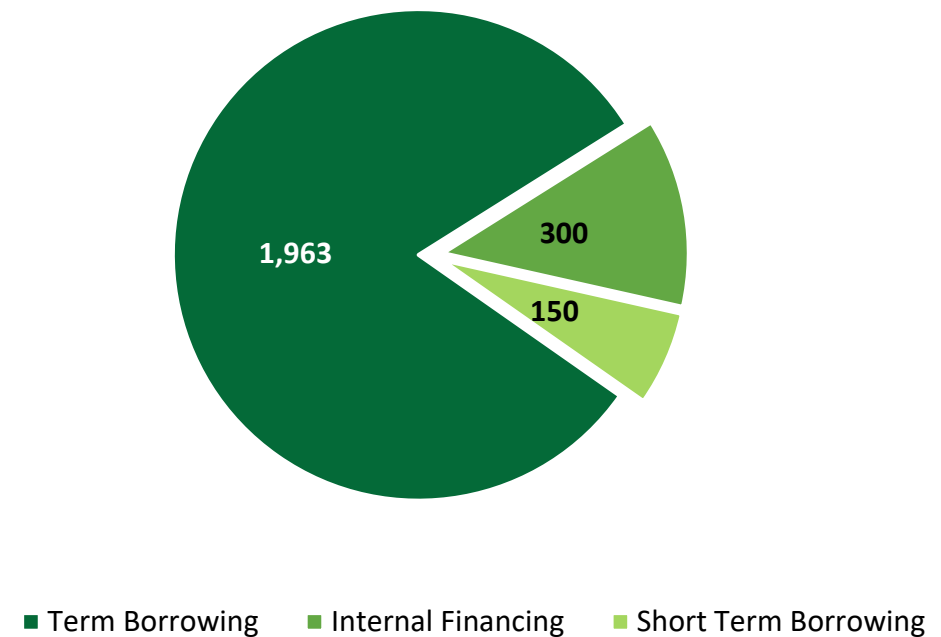
# Borrowing Requirements

**Annual Borrowing Requirements**  
(billions of dollars)



- No operating borrowing for fiscal 2022-23 and 2023-24
- All new borrowing for capital investment

**2023-24 Term and Short-Term Borrowing**  
(millions of dollars)



- \$300M of term GBE borrowing was financed internally





# Appendix

# Economic Indicators at Mid-Year

	2023 YTD Levels	5-Year YTD Average <sup>3</sup>	2022-2023 YTD Change (%) <sup>4</sup>		2023 Period
			SK	Canada	
Population ('000s)	1,209.1	1,166.8	2.6%	3.0%	At July 1
Employment ('000s) <sup>1</sup>	590.7	566.5	1.5%	2.5%	Jan.-Oct.
Unemployment Rate (%) <sup>1</sup>	4.8	6.4	4.8	5.5	Jan.-Oct.
Employment Rate (%) <sup>1</sup>	64.1	63.9	64.1	62.2	Jan.-Oct.
Consumer Price Index (2002=100) <sup>1</sup>	159.8	142.9	4.5%	4.1%	Jan.-Sep.
Average Weekly Earnings (\$) <sup>1</sup>	1,162.3	1,074.8	2.4%	3.2%	Jan.-Aug.
Retail Sales (\$B) <sup>2</sup>	16.6	14.3	0.6%	2.2%	Jan.-Aug.
Wholesale Trade (\$B) <sup>2</sup>	48.9	n.a. <sup>5</sup>	n.a. <sup>5</sup>	n.a. <sup>5</sup>	Jan.-Sep.
New Motor Vehicle Sales (# of Units) <sup>2</sup>	27,738	30,447	-0.2%	9.7%	Jan.-Aug.
Food Services & Drinking Places Sales (\$M) <sup>2</sup>	1,590.1	1,252.9	12.8%	15.5%	Jan.-Aug.
Manufacturing Sales (\$B) <sup>2</sup>	16.8	12.9	-2.0%	1.5%	Jan.-Aug.
International Goods Exports (\$B) <sup>2</sup>	36.6	26.2	-3.2%	-3.0%	Jan.-Sep.
Building Permits (\$B) <sup>2</sup>	1.9	1.3	7.6%	-3.3%	Jan.-Sep.
Housing Starts (# of Units) <sup>2</sup>	3,268	2,642	0.3%	-8.6%	Q1 - Q3
Investment in Building Construction (\$B) <sup>2</sup>	2.7	2.5	-6.0%	-7.8%	Jan.-Aug.
Residential (\$B) <sup>2</sup>	1.8	1.7	-11.4%	-14.1%	Jan.-Aug.
Non-residential (\$B) <sup>2</sup>	0.9	0.8	7.7%	9.5%	Jan.-Aug.

Source: Statistics Canada, November 2023

<sup>1</sup>Year to date average

<sup>2</sup>Year to date total

<sup>3</sup> Year to date average from 2018 to 2022

<sup>4</sup> Unemployment rate and employment rate are reported as year-to-date percentage levels, not percentage changes

<sup>5</sup>As a result of Statistic Canada methodology changes, comparison to prior years is not applicable



# Mid-year Revenue Update

(millions of dollars)	2022-23	2023-24			Mid-Year Change from	
	Actuals	Budget	First Quarter		Budget	First Quarter
Taxation	9,811.8	9,633.8	9,783.5	<b>10,048.5</b>	414.7	265.0
Non-renewable resources	4,603.1	3,344.6	2,815.7	<b>2,626.8</b>	(717.8)	(188.9)
Net income from government business enterprises	250.2	529.1	648.8	<b>733.5</b>	204.4	84.7
Other own-source revenue	2,572.9	2,615.6	2,726.4	<b>2,738.7</b>	123.1	12.3
Transfers from the federal government	3,356.6	3,554.6	3,579.6	<b>3,565.5</b>	10.9	(14.1)
<b>Total Revenue</b>	<b>20,594.6</b>	<b>19,677.7</b>	<b>19,554.0</b>	<b>19,712.9</b>	<b>35.2</b>	<b>159.0</b>

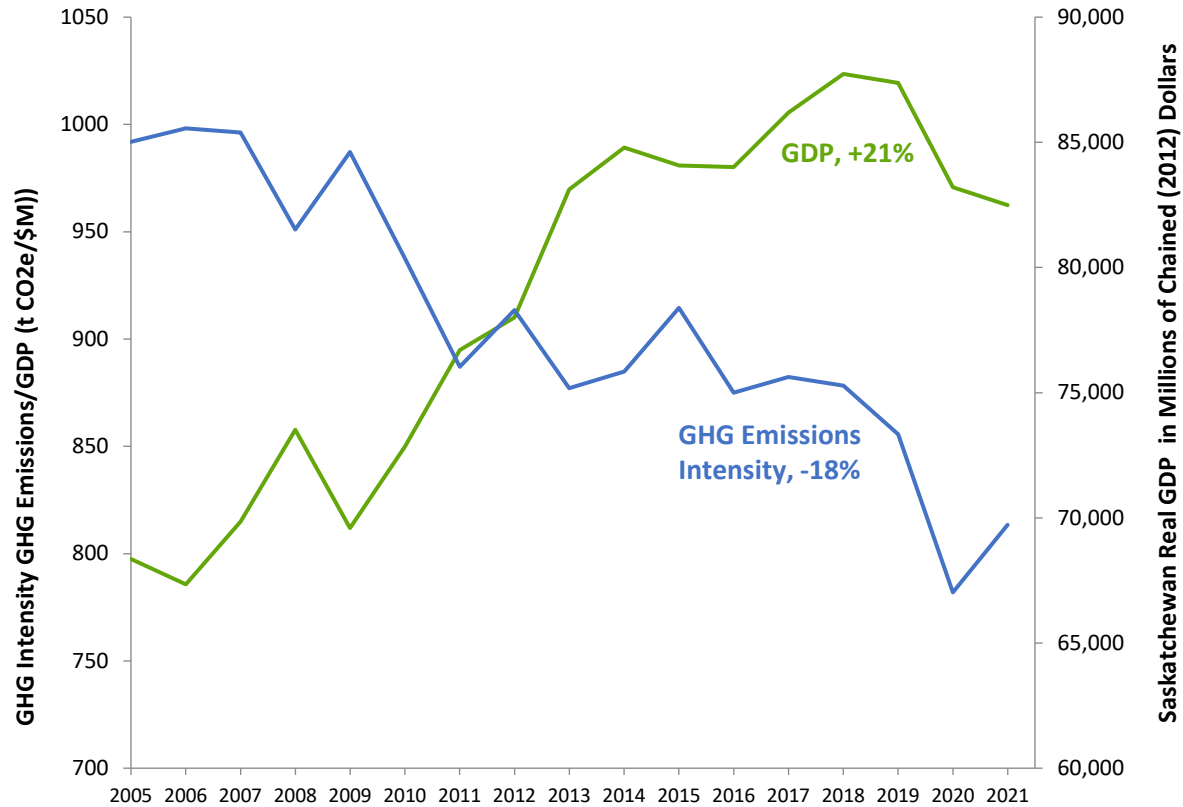
Revenue remains flat, with increases in all categories except non-renewable resources almost entirely offset by the decrease in non-renewable resources driven by lower potash prices and volumes.

# Mid-year Expense Update

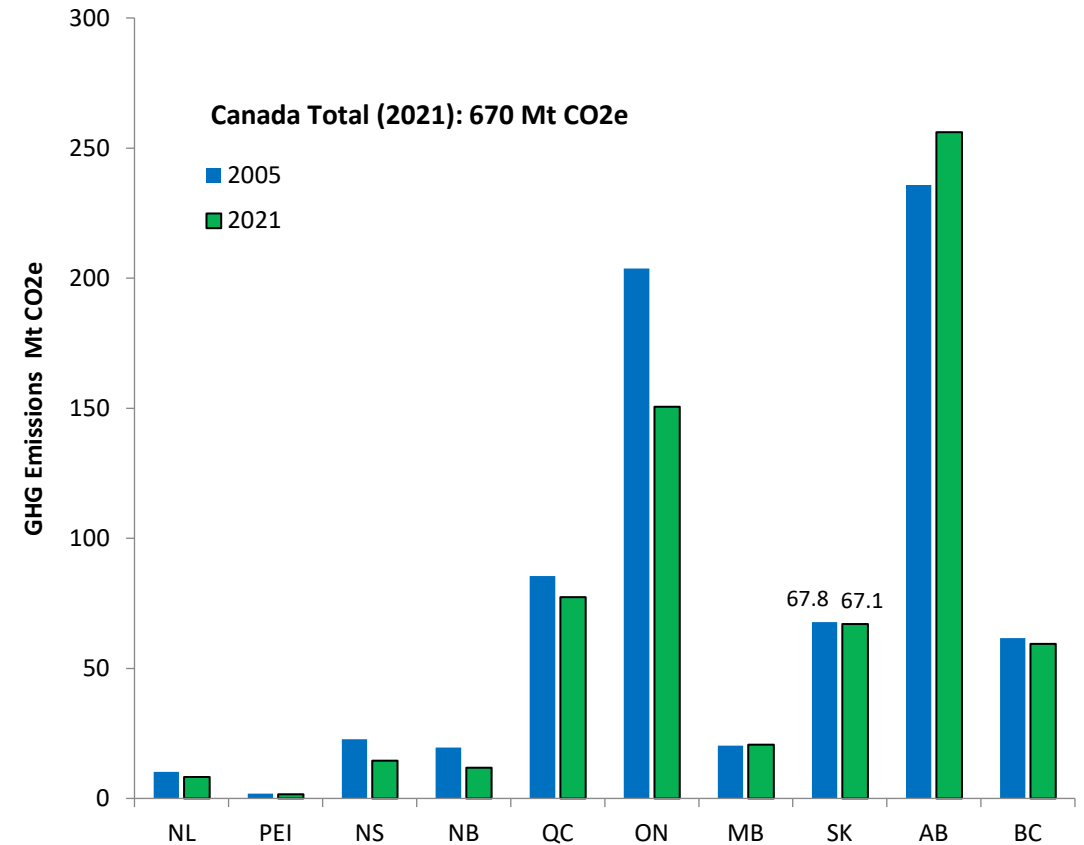
(millions of dollars)	2022-23	2023-24			Mid-Year Change from	
	Actuals	Budget	First Quarter		Budget	First Quarter
Agriculture	1,835.0	1,449.8	1,449.8	<b>2,302.9</b>	853.0	853.0
Community development	758.2	866.0	866.0	<b>877.3</b>	11.2	11.2
Economic development	733.9	367.4	367.4	<b>393.6</b>	26.2	26.2
Education	3,792.2	4,035.7	4,304.2	<b>4,306.4</b>	270.7	2.2
Environment and natural resources	353.0	254.4	256.3	<b>208.4</b>	(46.0)	(47.9)
Financing charges	816.3	812.2	816.6	<b>822.7</b>	10.5	6.1
Health	512.0	7,056.3	7,056.3	<b>7,056.3</b>	-	-
General Government	7,010.1	540.1	584.4	<b>585.4</b>	45.3	0.9
Protection of persons and property	988.6	968.5	1,057.6	<b>1,079.9</b>	111.3	22.3
Social services and assistance	1,587.3	1,665.2	1,665.2	<b>1,686.2</b>	21.0	21.0
Transportation	627.3	644.6	644.6	<b>644.6</b>	-	-
<b>Total Expense</b>	<b>19,013.9</b>	<b>18,660.2</b>	<b>19,068.5</b>	<b>19,963.5</b>	<b>1,303.2</b>	<b>895.0</b>

# GHG Emissions

## GHG Emission Intensity to GDP, 2005-2021



## Interprovincial Comparison of GHG Emissions, 2005-2021





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