



CHEMTRADE



MARCH 2019

BUSINESS UPDATE



CAUTION REGARDING FORWARD- LOOKING STATEMENTS



Certain statements contained in this presentation constitute forward-looking statements within the meaning of certain securities laws, including the Securities Act (Ontario). Forward-looking statements can be generally identified by the use of words such as “anticipate”, “continue”, “estimate”, “expect”, “expected”, “intend”, “may”, “will”, “project”, “plan”, “should”, “believe” and similar expressions. Forward-looking statements in this presentation describe the expectations of Chemtrade Logistics Income Fund (“Chemtrade”) and its subsidiaries as of the date hereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements for a variety of reasons, including without limitation the risks and uncertainties detailed under the “RISK FACTORS” section of Chemtrade’s latest Annual Information Form and the “RISKS AND UNCERTAINTIES” section of Chemtrade’s most recent Management’s Discussion & Analysis. Although Chemtrade believes the expectations reflected in these forward-looking statements and the assumptions upon which they are based are reasonable, no assurance can be given that actual results will be consistent with such forward-looking statements, and they should not be unduly relied upon. Except as required by law, Chemtrade does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or for any other reason. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Further information can be found in the disclosure documents filed by Chemtrade with the securities regulatory authorities, available on www.sedar.com.

One of the non-IFRS measures referred to in this presentation is Adjusted EBITDA, which is EBITDA modified to exclude only non-cash items such as unrealized foreign exchange gains and losses. For simplicity, the presentation will just refer to it as EBITDA as opposed to Adjusted EBITDA. Both these terms are fully defined in our MD&A.





CHEMTRADE



Unique portfolio providing growth and yield



- Worldwide provider of industrial chemicals and services
 - Primarily industrial inorganic chemicals
 - Electrochemicals
 - Water and specialty chemicals
 - Critical but non-core services to industrial users or producers of chemicals
- Significant market shares; competitive advantages in niche specialty chemicals
- Business model mitigates typical commodity risks





CHEMTRADE



SINCE OUR IPO WE HAVE:

- Diversified our product portfolio
- Increased our geographic reach
- Enhanced quality of earnings
- Sustained distributions
- Maintained balance sheet strength



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CHEMTRADE LOCATIONS





1 Growth

Increased size, scale and diversity of earnings



2 Business Model

Mitigates Commodity Risks



3 Operational Excellence

Ensures sustainable earnings through improved operations, assets and people



4 Financial Prudence

Maintains distributions and balance sheet strength



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CHEMTRADE'S M&A TRACK RECORD

Chemtrade's Demonstrated Ability to Successfully Complete Acquisitions

CREATING A STRONGER, MORE RESILIENT BUSINESS



SHS Operation

Leading North American supplier of Sodium Hydrosulphite

2002
Dec



Pulp Chemicals

Leading regional supplier of sodium chlorate, toll processor of CTO

2003
Aug



Peak Chemicals

Expanded sulphuric acid business, diversified end markets

2005
Aug



Marsulex

Increased presence in core products, expanded geographic reach and enhanced quality of earnings

2011
Jun



General Chemical

Further strengthened and expanded Chemtrade's platform

2014
Jan



Canexus

Expands sodium chlorate capabilities, diversification through chlor-alkali product portfolio and Brazilian platform

2017
Mar



SPPC

- Sulphuric Acid (regen, ultra pure, merchant) and other sulphur products

WSSC

- Water Solution Chemicals (alum, PACl, ACH)
- Certain Specialties (KCl, sodium nitrite, P_2S_5)

EC

- Sodium Chlorate and Chlor-alkali (caustic soda, HCl, chlorine)



CHEMTRADE

BUSINESS MODEL FIT



SULPHUR PRODUCTS
AND PERFORMANCE
CHEMICALS (SPPC)

Approx 60% of revenue
based on risk shared
contracts



WATER SOLUTIONS
AND SPECIALTY
CHEMICALS (WSSC)

Wide diversity of sources
of earnings

Includes specialty
chemicals with distinct
barriers to entry



ELECTROCHEMICALS (EC)

Two stable sources
of earnings:

- NA sodium chlorate;
Brazil

Upside Potential:

- NA chlor-alkali

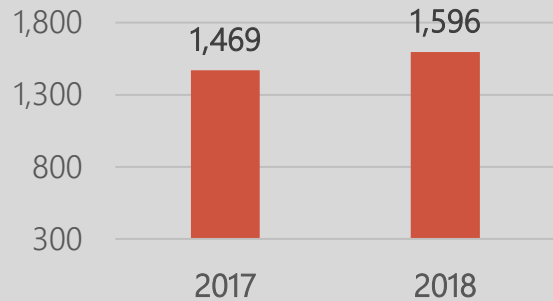


- A few items had a large impact on 2018 results
 - Litigation Reserve of \$100MM (for anti-trust litigation related to General Chemical). Main lawsuit has been settled, but a few smaller ones still outstanding
 - North Vancouver Chlor-alkali – poor rail service in Q1 and extended planned maintenance outage in Q2. Reduced HCl demand in Q4
 - Vale’s by-product sulphuric acid reduced by roughly 50%
 - Sodium bi-sulphite (SBS) (by-product of our acid manufacturing process) had a negative impact
 - Higher raw materials for water products squeezing margins as selling prices are not increasing as fast (mainly annual contracts)

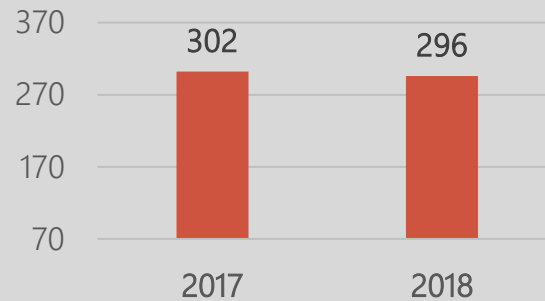




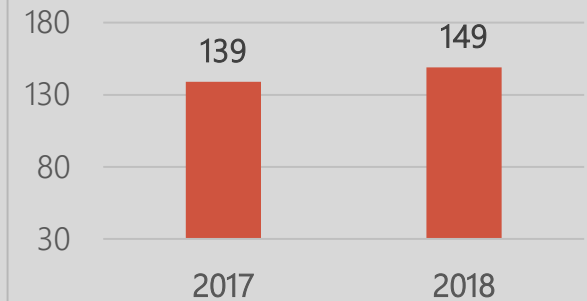
Revenue (\$M)



EBITDA (\$M)*



Distributable Cash (\$M)



- Adjusted EBITDA from continuing operations (excludes litigation reserve)

- Excludes litigation reserve and loan repayment costs

- **Revenue** - increase mainly due to Electrochem segment.
- **EBITDA** – higher EBITDA in EC segment was offset by lower results in WSSC and SPPC.
- Generated \$1.61/unit in Distributable Cash (excluding litigation reserve and loan repayment costs) in 2018 and paid out \$1.20/unit.



EQUITY (92.6M units) C \$1.0B

SENIOR SECURED CREDIT (March 2023 maturity)

Total Drawn US \$529M
Available ~ US \$318M
Accordion (undrawn) US \$400M

BALANCE SHEET

(As at December 31, 2018)

CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

Three series (Jun. 2021, Aug. 2023, Apr. 2024) C \$472M

CANEXUS DEBT:

Two series of convertible debentures C \$159M
(Dec. 2020, Dec. 2021)
(\$84.0 million was redeemed in January 2019)





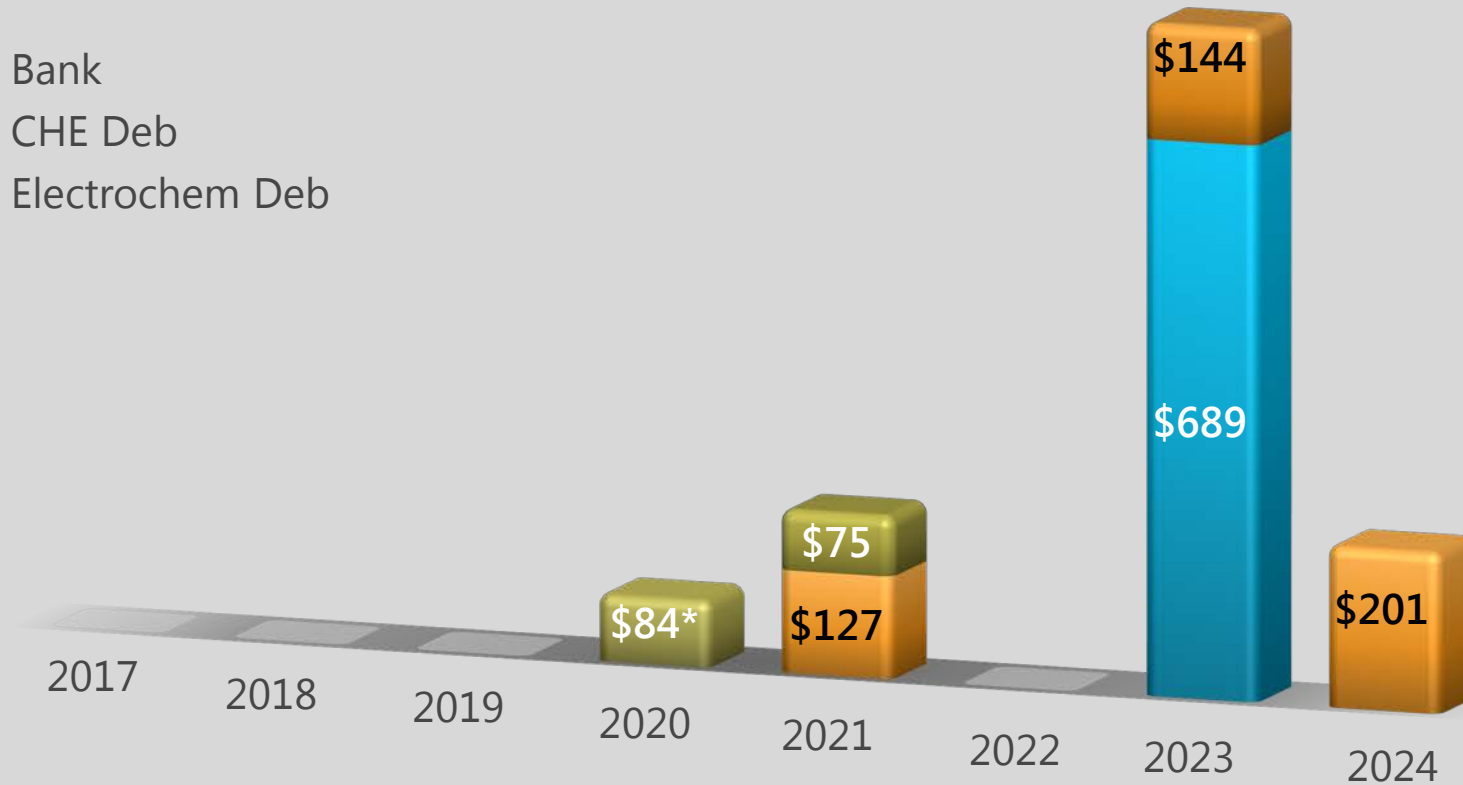
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DEBT MATURITY

as of December 31, 2018

C\$M

- Bank
- CHE Deb
- Electrochem Deb



*Redeemed in January 2019





CHEM TRADE



CONCLUDING REMARKS

CONFIDENT IN OUR
OUTLOOK FOR 2019



CHEM TRADE



Responsible Care®



20

19

STEADY TO ROBUST MARKETS
EXPECTED TO CONTINUE



MERCHANT ACID

- Reduced supply from Vale (\approx 3% of merchant acid demand)
- Firm demand, reduced supply has led to price increases and positive momentum expected to continue in 2019
- SBS transitioning back to old distribution arrangement – positive impact on margins



SULPHURIC ACID

Demand for all products remains strong



ALUMINUM SULPHATE

- Alum demand is firm
- Prices increasing, although raw materials escalating & squeezing margins
- Margins expected to expand when raw materials stabilize



ALUMINUM SULPHATE
(ALUM)

Prices are increasing



- Pulp production remains strong, although there's one Mill closure ($\approx 1\%$ of aggregate demand)
- Still expect industry to operate at above 90% utilization rates



SODIUM CHLORATE

Industry expected to operate at high utilization rates



Particularly interested in caustic soda and hydrochloric acid markets in NA north-west

HYDROCHLORIC ACID

- Demand is starting to recover from late 2018 drop-off
- CAUSTIC SODA
- Demand remains firm, pricing has upward momentum
- Strong pricing forecast at least through 2023
- Expect 2019 realized pricing to be below 2018, but expect higher production volume

CHLOR-ALKALI MARKETS

Continuing strong with no long term sign of weakening (despite recent volatility)



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Non-IFRS Measures



EBITDA and Adjusted EBITDA -

Management defines EBITDA as net earnings before any deduction for net finance costs, taxes, depreciation and amortization. Adjusted EBITDA also excludes other non-cash charges such as gains and losses on the disposal and write-down of assets, and unrealized foreign exchange gains and losses. EBITDA and Adjusted EBITDA are metrics used by many investors and analysts to compare organizations on the basis of ability to generate cash from operations. Management considers Adjusted EBITDA (as defined) to be an indirect measure of operating cash flow, which is a significant indicator of the success of any business. Adjusted EBITDA is not intended to be representative of cash flow from operations or results of operations determined in accordance with IFRS or cash available for distribution.

EBITDA and Adjusted EBITDA are not recognized measures under IFRS. Chemtrade's method of calculating EBITDA and Adjusted EBITDA may differ from methods used by other income trusts or companies, and accordingly may not be comparable to similar measures presented by other organizations. A reconciliation of EBITDA and Adjusted EBITDA to net earnings follows:



(\$'000)	<u>Three months ended</u>		<u>Year ended</u>		
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2016
	<i>(As recast)</i>				
Net (loss) earnings from continuing operations	\$ (97,185)	\$ 45,457	\$ (131,517)	\$ 78,822	\$ 16,209
Add:					
Depreciation and amortization	53,840	55,880	214,507	204,447	146,228
Net finance costs	25,263	19,721	74,126	86,073	62,751
Income tax recovery	(10,648)	(61,464)	(48,680)	(92,692)	(75,002)
EBITDA from continuing operations	(28,730)	59,594	108,436	276,650	150,186
Add:					
Impairment of goodwill	90,000	—	90,000	—	3,143
Loss (gain) on disposal and write-down of assets	1,031	152	(4,039)	4,498	55,824
Unrealized foreign exchange loss (gain)	2,696	1,708	1,826	2,027	(8,647)
Adjusted EBITDA from continuing operations	\$ 64,997	\$ 61,454	\$ 196,223	\$ 283,175	\$ 200,506

SPPC -

(\$'000)	<u>Three months ended</u>		<u>Year ended</u>	
	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Revenue	\$ 129,082	\$ 129,012	\$ 509,765	\$ 509,373
Gross profit	1,023	10,622	28,041	51,535
Adjusted EBITDA	17,254	24,325	86,418	112,892
(Loss) gain on disposal and write down of assets	(1,031)	380	4,039	(38)
EBITDA	16,223	24,705	90,457	112,854
Depreciation and amortization	(17,904)	(16,979)	(72,410)	(72,613)
Net finance costs	(3,589)	(3,164)	(13,728)	(18,676)
Income tax recovery	3,289	23,894	14,450	40,582
Net (loss) earnings	\$ (1,981)	\$ 28,456	\$ 18,769	\$ 62,147

Segmented Results - WSSC

WSSC -

(\$'000)	<u>Three months ended</u>		<u>Year ended</u>	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Revenue	\$ 102,442	\$ 95,174	\$ 430,311	\$ 411,935
Gross profit	(88,188)	5,634	(55,106)	50,560
Adjusted EBITDA	11,929	14,968	77,300	88,836
Impairment of goodwill	(90,000)	—	(90,000)	—
Loss on disposal and write-down of assets	—	—	—	(25)
EBITDA	(78,071)	14,968	(12,700)	88,811
Depreciation and amortization	(13,178)	(13,019)	(51,784)	(52,578)
Net finance costs	(5,100)	(4,266)	(17,876)	(19,341)
Income tax recovery	8,292	38,100	26,371	61,437
Net earnings	\$ (88,057)	\$ 35,783	\$ (55,989)	\$ 78,329



EC -

(\$'000)	<u>Three months ended</u>		<u>Year ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
North American sales volumes:				
Sodium chlorate sales volume (000's MT)	101	98	406	353
Chlor-alkali sales volume (000's MECU)	46	42	178	158
Revenue	\$ 159,276	\$ 162,483	\$ 655,671	\$ 547,830
Gross profit	25,797	23,611	113,848	88,939
Adjusted EBITDA	46,196	46,763	193,442	156,720
Loss on write-down of assets	—	(532)	—	(4,435)
EBITDA	46,196	46,231	193,442	152,285
Depreciation and amortization	(22,758)	(25,882)	(90,313)	(79,256)
Net finance costs	(1,348)	(7,111)	(18,742)	(19,518)
Income tax (expense) recovery	(4,439)	340	(15,881)	(7,931)
Net earnings	\$ 17,651	\$ 13,578	\$ 68,506	\$ 45,580



(\$'000)	<u>Three months ended</u>			<u>Year ended</u>	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2016
Cash flow from operating activities	79,853	\$ 62,168	244,464	\$ 151,298	\$ 153,009
Less:					
Cash flow (used in) from operating activities of discontinued operations	—	—	—	(3,809)	4,756
Cash flow from operating activities of continuing operations	79,853	62,168	244,464	155,107	148,253
Add:					
Changes in non-cash working capital and other items	(31,105)	(20,739)	(125,136)	32,436	(3,768)
<i>Adjusted cash flows from operating activities of continuing operations</i>	48,748	41,429	119,328	187,543	144,485
Less:					
Maintenance capital expenditure	31,474	34,738	77,690	66,715	44,743
<i>Distributable cash after maintenance capital expenditure from continuing operations</i>	17,274	6,691	41,638	120,828	99,742
Less:					
Non-maintenance capital expenditure ⁽¹⁾	5,650	2,243	14,676	8,060	11,554
<i>Distributable cash after all capital expenditure from continuing operations</i>	11,624	\$ 4,448	26,962	\$ 112,768	\$ 88,188

⁽¹⁾ Non-maintenance capital expenditures are: (a) pre-identified or pre-funded, usually as part of a significant acquisition and related financing; (b) considered to expand the capacity of Chemtrade's operations; (c) significant environmental capital expenditures that are considered to be non-recurring; or (d) capital expenditures to be reimbursed by a third party.