



CHEM TRADE



Responsible Care[®]
Our commitment to sustainability



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BUSINESS UPDATE | NOVEMBER 2021

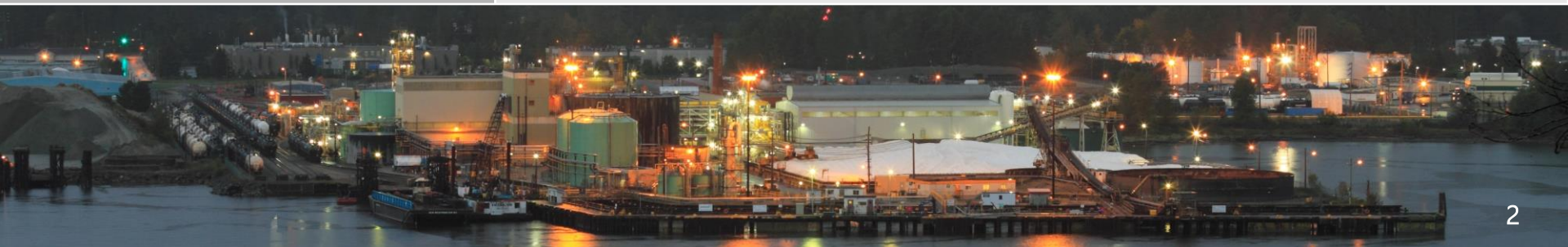


CAUTION REGARDING FORWARD- LOOKING STATEMENTS



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.







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Business Model Financial Overview

Share Price	\$8.14
Market Capitalization	\$840.0 million
Enterprise Value	\$2.1 billion
Dividend - Annualized Yield	\$0.60 per share / 7.4%
Q3 2021 - Leverage (Debt to EBITDA)	5.5x
Trailing Twelve Months Adjusted EBITDA	231.0 million





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Business Model Chemtrade's Journey

July 2001

IPO (Spun out of Marsulex)

2001-2010

Acquisitions of SHS, Pulp Chemicals & Peak Chemicals

2010-2020

Acquisitions: Marsulex, General Chemicals & Canexus
Divestitures: Aglobis (International business) & Montreal H₂S processing

Beyond 2020

Organic Growth Focus:
Ultrapure acid (semi-conductors)
Hydrogen (by-product of electro-chemical process) & water products

Acquisitions – tuck ins
New platforms – adjacent chemistries





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Business Model Overview

- Chemtrade provides industrial chemicals and services to customers in North American and globally
- Industries served: Energy, Pulp & Paper, Water Treatment, and other industrial and consumer markets
- 58 facilities ~1,360 employees
- Three operating segments (~% revenue)
 1. Sulphur Products and Performance Chemicals - **SPPC** (37%)
 2. Water Solutions and Specialty Chemicals – **WSSC** (29%)
 3. Electrochemicals – **EC** (34%)





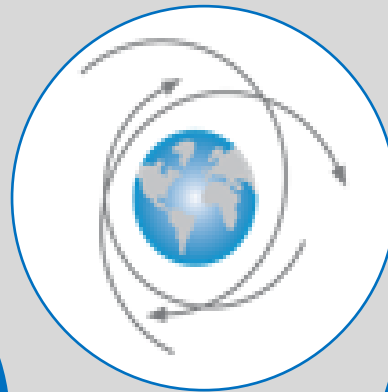
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Business Model Three Business Segments

*Electrochemicals (EC)
Three sources of earnings:
NA sodium chlorate
NA chlor-alkali
SA sodium chlorate &
chlor-alkali*



*Sulphur Products &
Performance
Chemicals (SPPC)
Approximately 60%
of revenue based on
risk-shared contracts*



*Water Solutions &
Specialty
Chemicals (WSSC)
Wide diversity of
earnings include
Specialty
Chemicals with
distinct barriers to
entry*







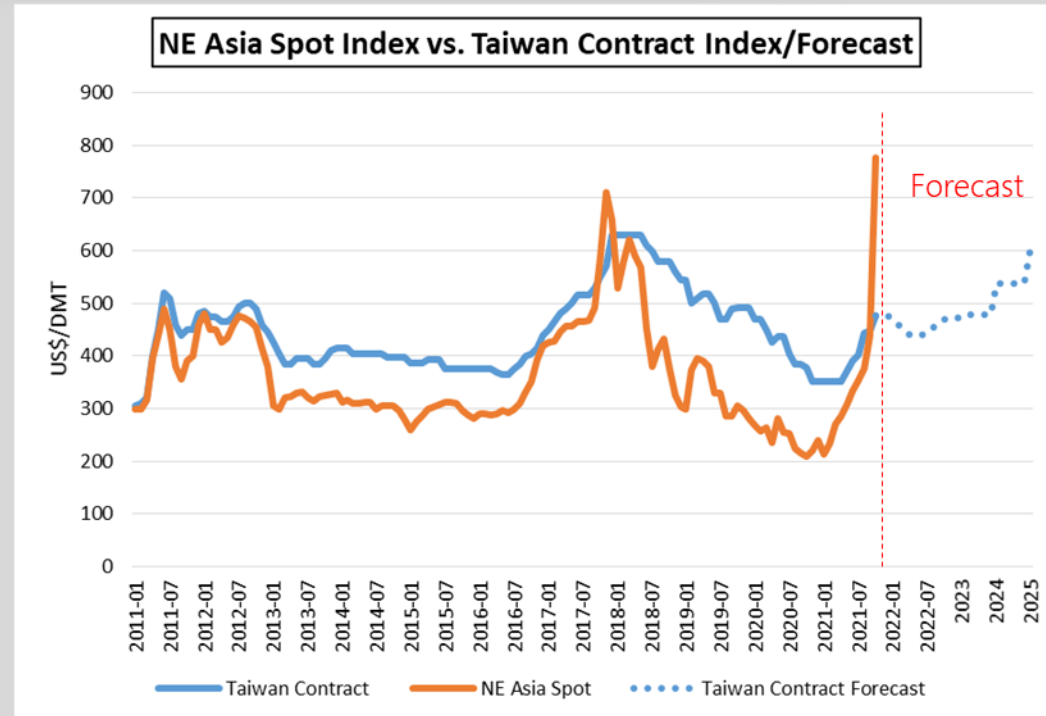
- Chemtrade's Long Term Strategy is to deliver sustained earnings growth and reward investors. This will be accomplished by three primary factors:
 - Market / COVID-19 Recovery
 - Organic Growth – for next 2-3 years
 - Operational Efficiencies - Productivity and Reliability
- Resulting in improvement to our balance sheet, and shareholder gains
- Additionally, Chemtrade will be a leading example for Corporate ESG Responsibility





Caustic Soda:

- The 'trough' is behind us and market fundamentals improving
- Market analysts are bullish mid to long term
- Demand continues to grow, minimal new supply:
 - Aluminum
 - Lithium Ion Batteries
- Expect NE Asia Spot price to revert to close to the Contract price later this quarter, resuming the mid-term trend upward



Source: IHS Markit

Every US\$50/to increase in Caustic Pricing is worth US\$10.5 million in margin





HCl

- Demand and pricing should continue to improve from extremely weak in 2020 as oil recovers and additional fracking activity picks up – particularly Western Canada

Chlorine

- Demand and pricing have improved. Strong demand for PVC and bleach products coupled with capacity rationalization in the US

Long Term Market Demand

2018:	Oil WTI:	\$65/bbl
	US & Can Rigs:	1,200
2020:	Oil WTI:	\$39/bbl
	US & Can Rigs:	522
Oct 2021:	Oil WTI:	\$80/bbl
	US & Can Rigs:	720

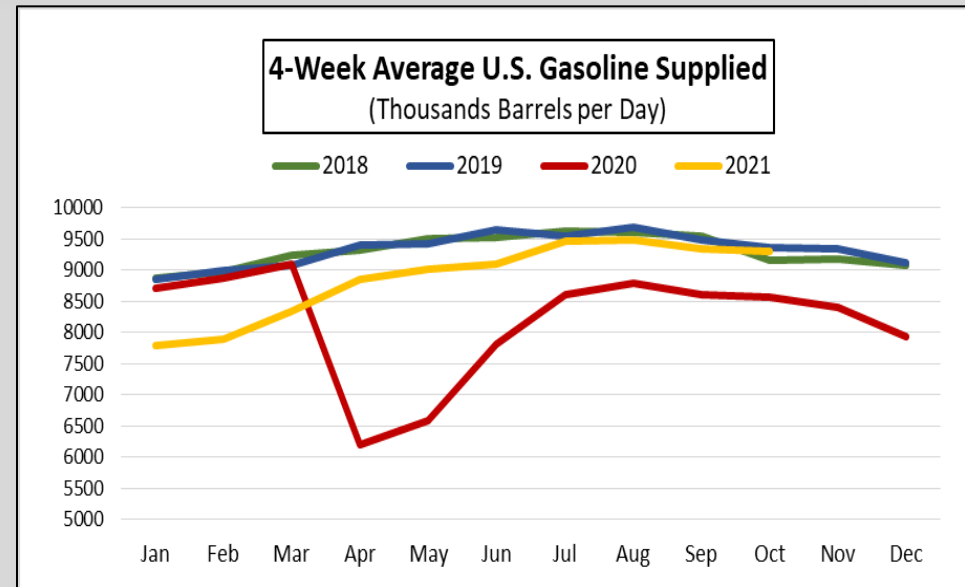
Source: Baker Hughes Rig Count





Regen Acid:

- Recovery in refinery demand continues as miles driven increases across the US and Canada
- US weekly 'miles driven' has been steadily increasing with Q3 returning to pre-pandemic levels
- Refining rates should continue to pick up in Q4 2021 and 2022 and then remain generally steady



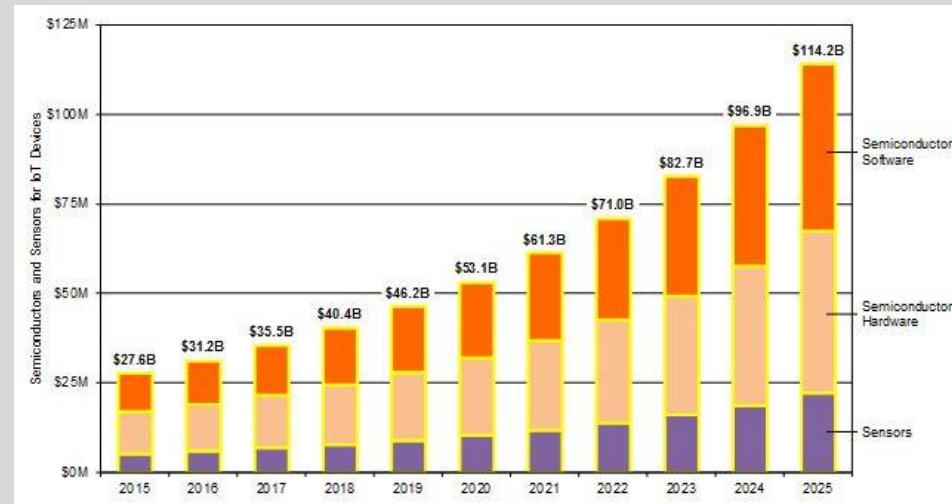
Source: EIA Annual Energy Outlook 2021





- Increased Semiconductor demand driven by consumer electronics, IoT, and greater digitalization of autos
- Investments are happening in the US - TSMC, Samsung, & Intel. Biden Administration investing \$50 Billion for chip production in the U.S.
- U.S. Ultrapur acid demand exceeds domestic supply
- Expect Chemtrade's 2022 sales volumes to return to 2020 levels

Global Semiconductor Market



Source: International Business Strategies





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Organic Growth | Ultrapure Expansion

- 60% expansion of ultrapure acid capacity at Cairo, OH facility
- Upgrade quality of existing ultrapure acid capacity
- Estimated capital cost of ~\$50 million
- Targeted return on investment of >25%
- Expected to start-up in 2024





- Alum demand is flat / stable
- PAC/ACH demand is >5%/year
- Increasing regulations support greater market demand for coagulants across North America
- Margins should remain stable (short-term higher raw materials, but offset with higher prices)
- Organic growth opportunities:
 - Expanded Capacity PAC/ACH
 - New Specialized products
- Could consider smaller acquisitions in the future when our balance sheet improves

Water Coagulant Market Demand

Municipal Drinking Water:	1-2% pa
Waste Water:	4-5% pa
Poultry Treatment:	10% pa
Pulp & Paper	-3% pa

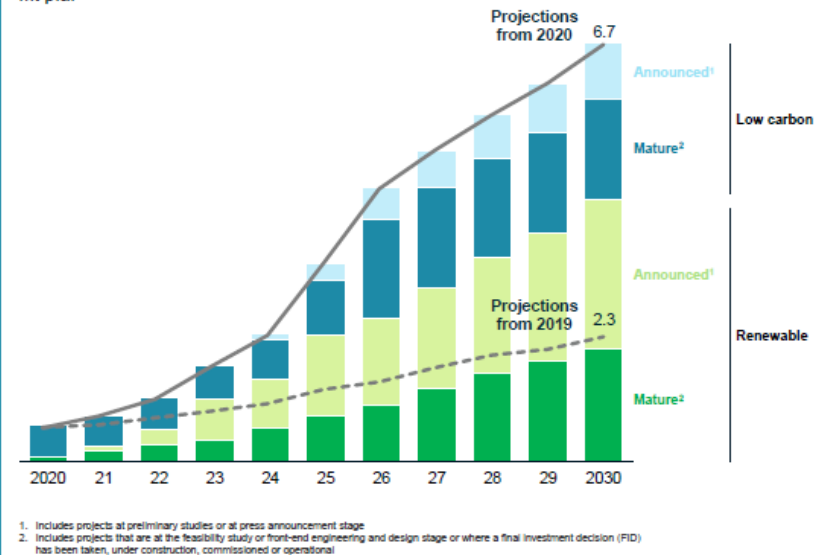




- Our Sodium Chlorate and to a lesser extent, Chlor-alkali manufacturing process generates hydrogen
- Our plants use hydro-electric power – so we generate 'Green Hydrogen'
- Big opportunity for the Brandon, Manitoba facility as its our largest Sodium Chlorate facility
- Important from an ESG perspective and financial return

Exhibit 5: Announced clean hydrogen capacity through 2030

Cumulative production capacity
Mt p.a.



Source: Hydrogen Insights Report 2021 – Hydrogen Council, McKinsey & Company







Operational Efficiencies Productivity and Reliability

- Launched both Productivity and Reliability initiatives in 2020
- Targeting to achieve ~ \$10 M in savings each year which will help to offset annual inflation
- Black and Green Belts leading projects using Lean Six Sigma Tools
- Implemented real time reporting of Availability and OEE data in order to focus on critical equipment for on-stream improvement
- Implementing maintenance excellence work process across the businesses
- Leveraging best practices/technology to improve performance, e.g. low cost on-stream vibration detection/monitoring and drone tank inspections



Building a Culture of Continuous Improvement





Approach and disclosure aligned to the four pillars of the Task Force on Climate Related Financial Disclosures (TCFD):

- Governance (Board and Management)
- Strategy
- Risk Management
- Metrics and Targets

We reviewed the Sustainability Accounting Standards Board's (SASB) metrics for the Chemical industry. In 2020, we conducted a materiality assessment to identify the sustainability topics that are most likely to affect the financial or operating performance of Chemtrade. The assessment was modelled after a five-factor test developed by the Sustainability Accounting Standards Board (SASB).





- We are developing company-wide tracking systems in 2021. Targets will be set and integrated into long-term strategic plans for the following:
 - **Environmental:**
 - Greenhouse gas (GHG) and other air emissions
 - Industrial and hazardous waste management
 - Energy management
 - **Social:**
 - Workforce health and safety
 - Operational safety, emergency preparedness and response
 - Employee engagement and diversity and inclusion
 - **Governance:**
 - Corporate governance and business ethics
 - Management of legal and regulatory environment
 - governance of environmental and social issues





- In 2020, 96% of the electricity used at our 17 largest facilities was generated from renewable hydroelectric sources.
- Over 75% of our industrial waste is high clay alumina (HCA). In 2020, we repurposed 27% and reduced landfill costs. We are pursuing projects to repurpose an additional 30%.
- In 2020, employee injury frequency (excluding COVID-19) was at a seven-year low
- Employee retention rate in 2020 was 86.6%.
- Of the six members on our senior leadership team, two (33%) are women, and one (16.7%) is a visible minority.







- Equity – CHE.UN 104 million units
- Bank Debt
 - US\$ 850 million credit facility (\$325 million term, \$525 revolving)
 - Maturity – X 2024
 - Roughly US\$ 271.2 million undrawn
- Unsecured subordinate convertible debentures
 - List all series – with symbols, coupon, strike price, amount and maturity

	Convertible unsecured subordinated debentures ⁽¹⁾				Total
	Fund 2016 5.00% Debentures	Fund 2017 4.75% Debentures	Fund 2019 6.50% Debentures	Fund 2020 8.50% Debentures	
Maturity	August 31, 2023	May 31, 2024	October 31, 2026	September 30, 2025	
Interest rate	5.00 %	4.75 %	6.50 %	8.50 %	
Principal outstanding at January 1, 2021	143,750	201,115	100,000	86,250	531,115
Principal outstanding at June 30, 2021	143,750	201,115	100,000	86,250	531,115
Balance at January 1, 2021	126,500	156,870	78,000	84,525	445,895
Change in fair value recognized in profit or loss	2,716	2,308	(1,842)	(1,237)	1,945
Change in fair value due to own credit risk ⁽²⁾	14,174	35,904	22,442	11,156	83,676
Balance at June 30, 2021	143,390	195,082	98,600	94,444	531,516



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Sale of Potassium Chloride and Vaccine Adjuvants Businesses

- Closed on November 2nd
- Gross proceeds of US\$155 million used to pay down debt
- Reduce Senior Debt:EBITDA ratio by 0.7 times





Key Assumptions	2021 Assumption	2020 Actuals
Approximate North American MECU production volume	~190K	~140K
2021 average IHS NE Asia Caustic price index being higher per tonne than the 2020 average	↑ US\$30	N/A
North American production volume of sodium chlorate	~365KT	~375KT
There will be no North American lockdowns or stay at home orders issued due to a resurgence of COVID-19 for the remainder of 2021		
None of the principal manufacturing facilities (as set out in Chemtrade's AIF) incurs significant unplanned downtime		
2021 average foreign exchange rate of US\$1 = CA\$1.25		





- EBITDA - \$245-\$260 million
- Maintenance Capex - \$72-\$77 million
- Lease Expense - \$50-\$55 million
- Cash Interest - \$65-\$70 million
- Cash Taxes - \$4-\$8 million





- Caustic Soda Price
 - change of US\$50/metric tonne = US\$10.5 million
- Sodium Chlorate Price
 - change of \$50/metric tonne = \$18.3 million
- CA\$/US\$ exchange rate
 - change of 1-cent = \$1.8 million
 - since bank debt is in USD, change of 1-cent changes debt by \$5.2 million so ~3.0X EBITDA change





- Earnings Growth Driven by:
 - Market / COVID-19 Recovery
 - Organic growth
 - Ultrapure acid
 - Water
 - Hydrogen
 - Productivity and Reliability
 - And, be a leading example for Corporate ESG Responsibility

Conclusion

