



**CHEM TRADE**



Responsible Care<sup>®</sup>  
Our commitment to sustainability



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**Q4 EARNINGS REVIEW | February 23, 2022**



- One Time Events
- Q4 Financial Results Review
- 2022 Guidance & Assumptions
- Key Sensitivities
- State of the Business and Outlook
- Q & A



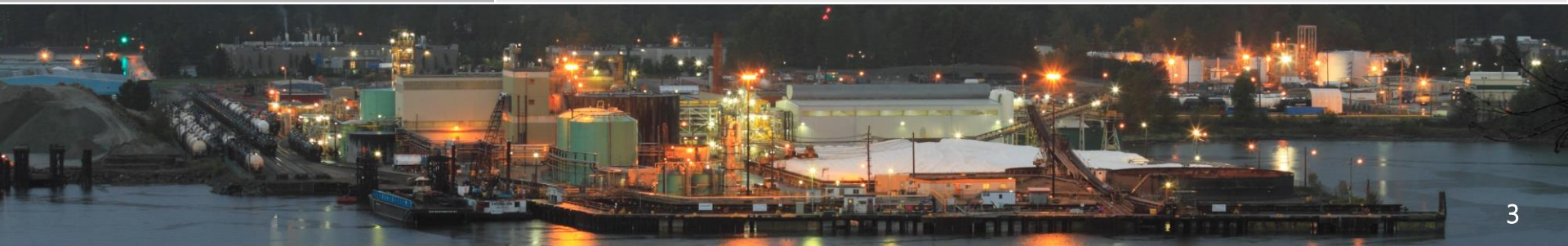


## CAUTION REGARDING FORWARD- LOOKING STATEMENTS



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](http://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. Both these terms are fully defined in our MD&A.





### Sale of Potassium Chloride (KCl) and Adjuvants businesses

- Completed sale of Potassium Chloride (KCl) and vaccine adjuvants businesses on November 2<sup>nd</sup>
- Generated net proceeds of \$182.7 million and a net gain of \$7.6 million
- Proceeds were used to pay down our credit facility

### Reconfiguration of Operating Segments

- As a result of the sale, Chemtrade is in the process of reconfiguring its operating segments effective in the first quarter of 2022
- Sulphur Products and Performance Chemicals (SPPC) will combine with the remaining Water Solutions and Specialty Chemicals (WSSC) segment businesses to form a new segment called Sulphur and Water Chemicals (SWC)





### NATO Lawsuit

- Settled a lawsuit as the Plaintiff relating to Canexus Corporation's North American Terminal Operations (NATO) assets for \$21.0 million
- A net benefit of \$17.7 million was recorded in corporate costs

### Sodium Chlorate Impairment

- Sodium Chlorate business margin impacted by:
  - Lower demand for office paper since the beginning of COVID
  - Increase in competitive pressure
- As a result, an impairment in the value of assets associated with this business of \$130.0 million was recorded.





	Q4 2021	Q4 2020	Variance
Revenue	353.8	319.4	34.4
Adjusted EBITDA <sup>(1)(2)</sup>	92.5	44.2	48.3
Maintenance Capex	(35.9)	(34.0)	(1.9)
Lease Payments	(12.8)	(13.6)	0.8
Cash Interest	(16.0)	(17.7)	1.7
Cash Taxes	(2.2)	(2.0)	(0.2)
Distributable Cash <sup>(1)(2)</sup>	25.7	(23.0)	48.7
DCPU <sup>(3)</sup>	\$0.25	\$(0.25)	

(1) Adjusted EBITDA and Distributable Cash are non-IFRS measures. See Appendix for more information.

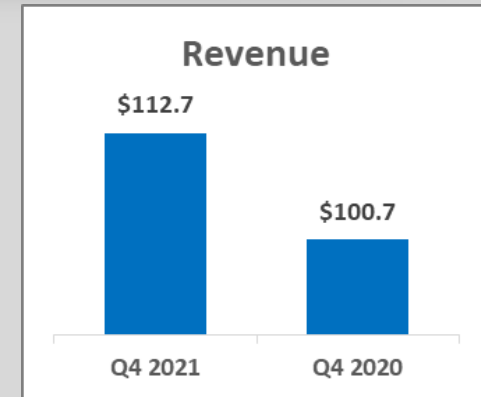
(2) Includes \$17.7 million benefit of NATO Lawsuit.

(3) DCPU (Distributable Cash Per Unit) is a non-IFRS ratio. It is calculated by dividing Distributable Cash by the weighted average number of units outstanding for the period.



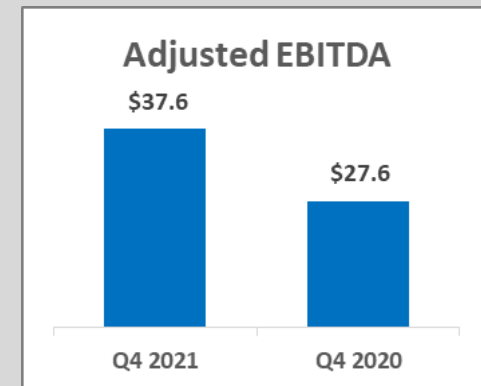
### Revenue:

- Higher selling prices and sales volumes of merchant acid, Regen acid and sulphur products
- Stronger Canadian dollar (-\$3.0 million)



### Adjusted EBITDA<sup>(1)</sup>:

- Higher selling prices and sales volumes of merchant acid, Regen acid and sulphur products
- Stronger Canadian dollar (-\$1.0 million)



(1) Adjusted EBITDA is a non-IFRS measure. See Appendix for more information.





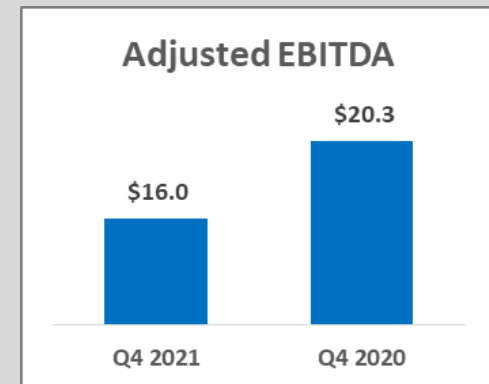
### Revenue:

- Decrease in revenue for specialty chemicals due to the sale of the KCl and vaccine adjuvant businesses
- Higher revenue for water products as selling prices more than offset lower sales volumes



### Adjusted EBITDA<sup>(1)</sup>:

- Loss of EBITDA related to the businesses sold (\$3.6 million)



(1) Adjusted EBITDA is a non-IFRS measure. See Appendix for more information.







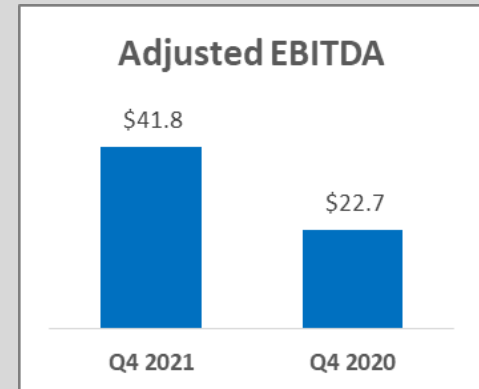
### Revenue:

- Higher sales volumes and selling prices for chlor-alkali products
- Lower sales volumes of sodium chlorate
- Stronger Canadian dollar (-\$2.7 million)



### Adjusted EBITDA<sup>(1)</sup>:

- Higher sales volumes and selling prices for chlor-alkali products
- Lower sales volumes of sodium chlorate
- Severe flooding in British Columbia (-\$4.4 million)
- Stronger Canadian dollar (-\$2.0 million)



(1) Adjusted EBITDA is a non-IFRS measure. See Appendix for more information.





### Corporate Costs:

- Settlement of the NATO Lawsuit, resulting in a recovery of \$17.7 million
- Lower legal costs of \$4.5 million
- Higher realized foreign exchange gains of \$1.9 million





- Reduced leverage by 0.7X using the proceeds from the sale of the KCl and Adjuvants businesses
- Extended and improved the Credit Facility (Matures in Dec. 2026, lower pricing, fully revolving)
- Issued new series of convertible debentures and announced redemption of 2023 debentures, so no debt maturities until May 2024
- Senior Credit Facility of US\$650.0 million - US\$339.1 million available





	2022 Guidance	2021 Actual
Adjusted EBITDA <sup>(1)</sup>	\$265 - \$295	\$280.4 <sup>(2)</sup>
Maintenance Capex	\$72 - \$77	\$75.3
Lease Payments	\$50 - \$55	\$51.6
Cash Interest	\$55 - \$60	\$65.9
Cash Taxes	\$6 - \$10	\$3.5

(1) Adjusted EBITDA is a non-IFRS measure. See Appendix for more information.

(2) Includes \$14.2 million relating to the KCL and vaccine adjuvants businesses sold in November 2021 and \$17.7 million benefit from the settlement of the NATO Lawsuit.





Key Assumptions	2022 Assumption	2021 Actuals
Approximate North American MECU sales volume	~175K	~181K
2022 average IHS NE Asia Caustic price index being higher per tonne than the 2021 average	↑ US\$150	N/A
North American production volume of sodium chlorate	~365KT	~361KT
Biennial maintenance turnaround at the North Vancouver chlor-alkali facility, which is scheduled for the second quarter of 2022	~\$11.0 million	-
USD to CAD average foreign exchange rate	1.234	1.254
LTIP accruals (in millions)	\$10.0 - \$15.0	\$25.7





- **Caustic Soda Price**
  - change of \$100/MECU = \$18.1 million
- **Sodium Chlorate Price**
  - change of \$50/metric tonne = \$18.1 million
- **CA\$/US\$ exchange rate**
  - change of 1-cent = \$3.1 million





- Highlights for 2022
- Current Business Conditions
- Organic Growth
- Environmental, Social and Governance (ESG)





### Highlights on Guidance for 2022

- Mid-point of 2022 EBITDA guidance is \$280 million
- \$31 million improvement over 2021 when adjusting normalizing for:
  - Sale of the KCl and Adjuvants businesses (\$14.2 million)
  - NATO lawsuit settlement in 2021 (\$17.7 million)
- Biennial turnaround at North Vancouver Facility to have \$11 million impact in 2022







### Sale of Potassium Chloride (KCl) and Adjuvants Businesses

- Net proceeds of approximately \$182.6 million from the sale to reduce our leverage by 0.7X
- Reduces annual interest payments by \$9 million

### Organic Growth Investments

- Investment of \$50 M CAD in our new UPA plant in Cairo OH between '22 & '23
  - Plant to be operational in 2024
  - Estimated return on our investment of 25%
- We are continuing to pursue additional Organic Growth opportunities across ultrapure acid and by-product Hydrogen





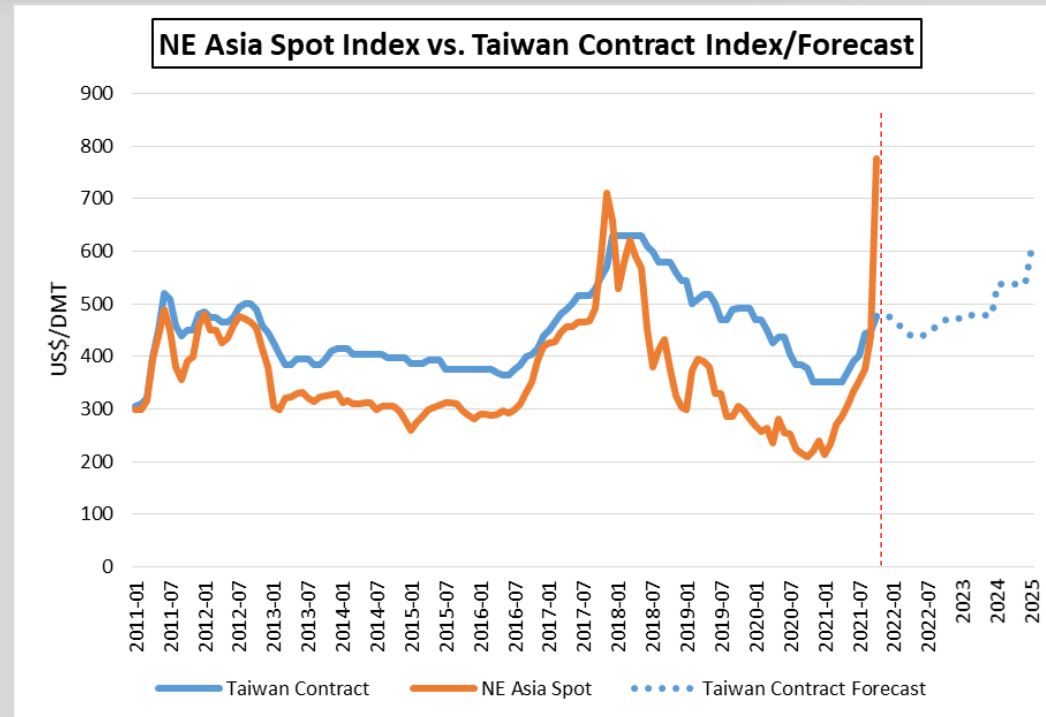
- Business improved greatly in the fourth quarter of 2021
  - Driven by:
    - Strong caustic and chlorine prices
    - Recovery in Ultrapure acid
  - Overcame headwinds from:
    - Vale strike
    - Impact of strong Canadian Dollar
- Excluding the \$17.7 million benefit from the NATO Lawsuit Q4 2021 EBITDA increased \$30.6 million compared to 2020
- Significant Improvement to Balance Sheet





## Caustic Soda:

- Historic highs in Q4 2021 resulting from China's dual energy policy
- Current pricing lower but still well above Q1 2021
- NE Asia Mid-January Price US \$575/DMT
- 2022 guidance assumes US\$440/DMT





### Chlorine

- Strong demand from industrial and construction coupled with a reduction in NA bleach production is expected to keep chlorine prices elevated through Q3

### HCl

- Steady increase in US and Canadian Rigs positive for HCL market

#### Long Term Market Demand

2018:	Oil WTI:	\$65/bbl
	US & Can Rigs:	1,200
2020:	Oil WTI:	\$39/bbl
	US & Can Rigs:	522
Jan 2022:	Oil WTI:	\$85/bbl
	US & Can Rigs:	820

Source: Baker Hughes Rig Count





- U.S. Administration's strategic focus on Semiconductor production capability is a huge catalyst for growth
- Demand for Semiconductor sulphuric acid to increase 2-3x in the next 5 yrs
- Chemtrade's Cairo, OH facility expansion progressing
- Beyond 2024 – evaluating options to grow our capacity to retain market leadership

## Global Semiconductor Market



Source: International Business Strategies





- New Hydrogen projects being developed for Prince George and Brandon Plants
- Construction at Prince George expected to commence in 2022.





## 1. Green House Gas (GHG) Emissions

- ✓ We will reduce or offset 2021 Scope 1 GHG emissions from operations, private fleet and process by 50% by 2025

## 2. Energy Management

- ✓ We will ensure a minimum of 85% of our electricity is from hydro or other renewable sources, including future acquisitions

## 3. Industrial Waste

- ✓ We will reduce high clay alumina (HCA) landfill disposal by an additional 20% of 2021 baseline by 2025, through reuse and process efficiencies

## 4. Workforce Safety

- ✓ We will target a 50% reduction of workplace injuries by 2025

## 5. Workforce Diversity

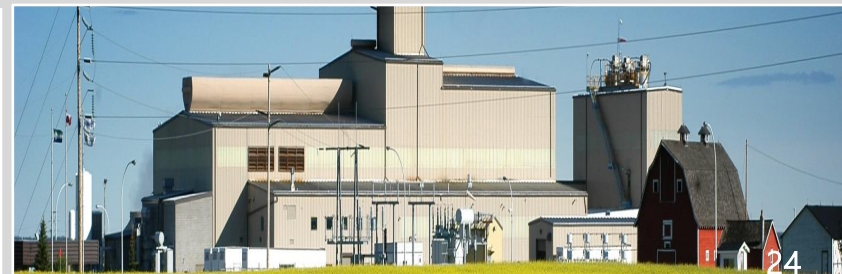
- ✓ We will achieve 50% Black, Indigenous, and people of color ("BIPOC") and/or women in all management positions by end of 2025





- Business continued to improve in 2021
- Strong market conditions for most businesses in 2022
- Better Balance Sheet
- Great Organic Growth Opportunities
- New Corporate ESG targets

**Conclusion**







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# Q & A





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# APPENDIX





### *EBITDA and Adjusted EBITDA –*

Management defines EBITDA as net earnings before any deduction for net finance costs, income taxes, depreciation and amortization. Adjusted EBITDA also excludes other non-cash charges such as impairment, change in environmental liability, net gains and losses on the disposal and write-down of property, plant and equipment ("PPE"), 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.

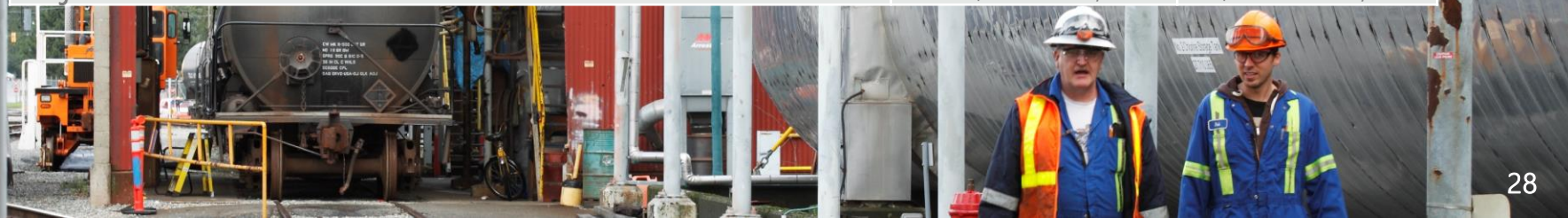
EBITDA and Adjusted EBITDA are not recognized measures under IFRS. Chemtrade's method of calculating EBITDA and Adjusted EBITDA may differ from methods used by other income trusts or companies, and accordingly may not be comparable to similar measures presented by other organizations.





A reconciliation of EBITDA and Adjusted EBITDA to net earnings is provided below:

	Three months ended December 31	
(\$'000)	2021	2020
Net loss	\$ (180,524)	\$ (25,784)
Add:		
Depreciation and amortization	60,068	56,346
Net finance costs	56,905	24,017
Income tax expense (recovery)	21,932	(14,838)
EBITDA	(41,619)	39,741
Add:		
Impairment of intangible assets	81,657	-
Impairment of PPE	48,343	-
Change in environmental liability	561	4,427
Net (gain) loss on disposal and write-down of PPE	(796)	1,639
Loss on disposal of assets held for sale	7,135	-
Unrealized foreign exchange (gain) loss	(2,746)	(1,597)
Adjusted EBITDA	\$ 92,535	\$ 44,210





A reconciliation of EBITDA by segment is provided below:

(\$'000)	Three months ended December 31	
	2021	2020
SPPC	\$ 37,318	\$ 26,034
WSSC	9,378	15,890
EC	(88,255)	22,642
Corporate	(60)	(24,825)
EBITDA	(41,619)	39,741





A reconciliation of Adjusted EBITDA by segment is provided below:

(\$'000)	Three months ended December 31	
	2021	2020
SPPC	\$ 37,591	\$ 27,626
WSSC	15,993	2,313
EC	41,757	22,693
Corporate	(2,806)	(26,422)
EBITDA	92,535	44,210





	Three months ended December 31	
(\$'000)	2021	2020
Revenue	\$ 112,679	\$ 100,694
Gross profit (loss)	19,469	6,649
Adjusted EBITDA	37,591	27,626
Net loss on disposal and write- down of property, plant and equipment	(273)	(1,592)
EBITDA	\$ 37,318	\$ 26,034





	Three months ended December 31	
(\$'000)	2021	2020
Revenue	\$ 99,402	\$ 99,314
Gross profit	464	7,162
Adjusted EBITDA	15,993	20,313
Change in environmental liability	(561)	(4,427)
Loss on disposal of assets held for sale	(7,135)	-
Net gain on disposal and write-down of property, plant and equipment	1,081	4
EBITDA	\$ 9,378	\$ 15,890







	Three months ended December 31	
(\$'000)	2021	2020
North American sales volumes:		
Sodium chlorate sales volume (000's MT)	87	92
Chlor-alkali sales volume (000's MECU)	43	30
Revenue	\$ 141,685	\$ 119,346
Gross (loss) profit	(113,984)	964
Adjusted EBITDA	41,757	22,693
Impairment of intangible assets	(81,657)	-
Impairment of property, plant and equipment	(48,343)	-
Net (loss) gain on disposal and write-down of property, plant and equipment	(12)	(51)
EBITDA	\$ (88,255)	\$ 22,642





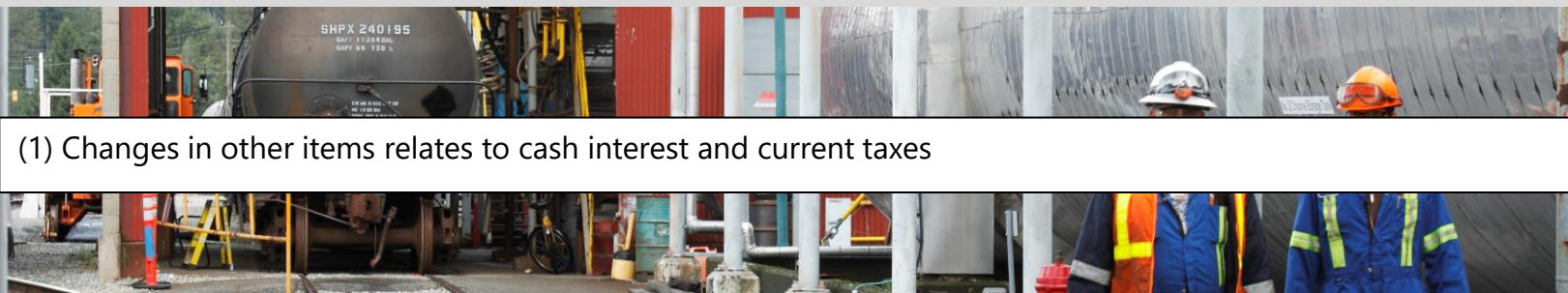
Management believes supplementary disclosure related to the cash flows of the Fund including the amount of cash available for distribution to Unitholders, repayment of debt and other investing activities provides useful additional information. A cash flows table presenting this information is included in the Fund's MD&A filed on SEDAR. The table is derived from, and should be read in conjunction with, the consolidated statements of cash flows. Certain sub-totals presented within the cash flows table, such as "Adjusted cash flows from operating activities", "Distributable Cash after maintenance capital expenditures" and "Distributable Cash after all capital expenditures", are not defined terms under IFRS. These sub-totals are used by Management as measures of internal performance and as a supplement to the condensed consolidated interim statements of cash flows. Investors are cautioned that these measures should not be construed as an alternative to using net earnings as a measure of profitability or as an alternative to the IFRS condensed consolidated interim statements of cash flows. Further, Chemtrade's method of calculating each measure may not be comparable to calculations used by other income trusts or companies bearing the same description.





A reconciliation of these supplementary cash flow measures to cash flow from operating activities is provided below:

(\$'000)	Three months ended December 31	
	2021	2020
Cash flow from operating activities	\$ 93,229	\$ 81,221
Add (Less):		
Lease payments net of sub-lease receipts	(12,764)	(13,592)
(Decrease) increase in working capital	(23,651)	(60,910)
Changes in other items <sup>(1)</sup>	4,769	4,225
Adjusted cash flows from operating activities	61,583	10,944
Less:		
Maintenance capital expenditures	35,906	33,967
Distributable cash after maintenance capital expenditures	25,677	(23,023)
Less:		
Non-maintenance capital expenditures	3,606	394
Distributable cash after all capital expenditures	\$ 22,071	\$ (23,417)



(1) Changes in other items relates to cash interest and current taxes