2016 ANNUAL MEETING
Mark Davis

Good morning, ladies and gentlemen.

I’m pleased that you can join us today.
As well as what’s on that slide, you should note that one of the non-IFRS measures that we will refer 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, we will just refer to it as EBITDA as opposed to Adjusted EBITDA. Both these terms are fully defined in our MD&A.
At our annual meetings we generally review the prior year’s financial results as well as any significant acquisition we may have made. Today, in addition to reviewing our financial results we will start by reviewing our core strategies. This will provide context for some of the activities we pursued and decisions made in 2015. These are all activities that we believe are necessary not just for success today but to position us for future success.
Since our IPO we have followed the same four core strategies of growth, operational excellence, financial prudence and adherence to our business model. Let me briefly describe what each of these means to Chemtrade.
We pursue growth because it benefits all of our stakeholders, be they unitholders, employees, suppliers or customers. To put it simply, growth makes our business stronger. In the chemical industry size and scale have many advantages including — spreading fixed costs, attracting the best human resources, providing choices to our customers, and achieving enhanced purchasing power. It also permits us to diversify our earnings. Diversification reduces risk by spreading it over a broader portfolio of earnings streams. We have a long history of growth and this remains a key focus for us.
Operational Excellence

As we increase in size and scale, operational excellence becomes even more important. We have a great group of dedicated and committed employees. We have to ensure that the essential backbone of the operation - the processes and systems - is robust, scalable and accessible to our employees. As we increase in size vs. scale, the efforts of our employees will only continue to deliver value if they have the right tools. We believe that our focus on operational excellence is necessary not only to make our businesses more sustainable but importantly, to ensure that Chemtrade continues to be scalable. By continually improving our processes and assets we position ourselves for future growth and optimize the return from the businesses we have.
**Financial Prudence**

We’ve always talked about the importance of maintaining balance sheet strength. This is a key factor in providing the flexibility to pursue both growth and operational initiatives. Both are critical and both require financial strength and flexibility. Although it hasn’t been an issue for Chemtrade, many good businesses have run into issues due to a lack of liquidity. One of the key elements of our focus on financial prudence is to ensure that we continue to have sufficient term as well as covenant room in our borrowings so that liquidity is not an issue.
Business Model

Finally, we strive to adhere to our business model of mitigating earnings risk. While we caution that we are not an annuity, the diversity of earnings sources, products, and customers spreads and reduces risk from any one source, product or customer. Perhaps more important are the risk sharing contracts we have underlying a large portion of our business. Combined, these risk mitigating tools provide the foundation of stable earnings upon which we have built, and can continue to build.
As we mentioned last year, the increased scale and scope of our business has resulted in additional organic growth opportunities. Some of these opportunities are well on their way to completion.
In the past two years we’ve increased the capacity of our pharmaceutical specialty chemicals facility in Midlothian, Texas that produces high quality caustic pellets. This expansion is close to being complete and we expect it to be online and running at capacity before the end of the second quarter of this year.
In our water business we are extending our product portfolio. We constructed our first new polyaluminum chlorate, or PACl, facility at our existing water treatment chemicals facility in East St. Louis, Illinois. It came online in 2015 and is operating well. We’ve taken this knowledge and are now constructing our next PACl facility, which is also expected to come online this year. We are also constructing an aluminum chlorohydrate, or ACH plant, which we expect will be operational by the end of this year.
Finally, we are building a completely new state-of-the-art aluminum hydroxide gel adjuvants facility in Berkeley Heights, New Jersey. This product is primarily used in animal vaccines. The design and permitting of this plant is well advanced. We are seeing enhanced customer interest in this facility which is scheduled to come online in 2017.
Each of these initiatives adds size, scale and diversity to our product portfolio, albeit not to the same extent as the acquisitions we have completed in past years.
I also wanted to say a few words about the linkage between our 4 strategies and what we view as a positive tension between our pursuit of growth and our other strategic themes. We think this tension, while potentially slowing down growth, leads to growth which is value creating and also leads to the creation of a sustainable business.

We adhere to a disciplined acquisition strategy. As mentioned, growth is only desirable if it fits comfortably with our other strategic themes. While we value and pursue size, scale and diversity of earnings, we do not pursue growth for growth’s sake.
The chemical industry is fragmented and thus provides numerous acquisition opportunities; however, we remain disciplined, and pursue only the opportunities that are right for Chemtrade. We have the benefit that our underlying businesses are not depleting assets, like for example an oil well. We acquire new assets only when there is a long term benefit to our business.

Our acquisition targets must fit our core competencies, be available at values we find attractive, and meet our business model of delivering long term stable earnings. In other words, we must know how to run and improve these businesses (operational excellence); acquire them at reasonable valuations (financial prudence) and believe in their long term sustainability (business model). We do not acquire assets when they do not fit our competencies, business model or strategy.
The rest of today’s presentation will mostly be a review of our 2015 results and initiatives. For those interested, we released our Q1 results yesterday and that information is on our website.
Adding size, scale and diversity of earnings within our risk-shared business model has enabled Chemtrade to deliver consistent operating and financial results, as demonstrated by the results we posted in 2015 despite some fairly turbulent overall economic conditions.
In 2015 we generated Distributable cash after maintenance capital expenditures of $135.7 million, or $1.97 per unit, substantially exceeding our annual distributions of $1.20 per unit. EBITDA for the year was $237.0 million, the highest ever generated by Chemtrade.

I’ll now ask Rohit to provide some more colour on 2015 results.
Rohit Bhardwaj

Thank you, Mark and good morning everyone.
Overall, our businesses performed well in 2015. Strong results in our Sulphur Products and Specialty Chemicals (or SPPC) segment from regenerated sulphuric acid and ultra-pure acid for most of the year more than offset some weakness experienced by a few of our other products.

While we encountered some competitive pressures on our water chemicals business in our Water Solutions and Specialty Chemicals (or WSSC) segment, other products performed better than the previous year. We are getting traction on our PACI products, and certain of the other products in this segment also performed better in 2015 than in 2014.
As mentioned, despite the volatility in many parts of the economy, as well as additional pressures in 2015 due to significant customer plant turnarounds and competitive pressures in some products, the diversity of our product portfolio and risk shared business model enabled Chemtrade to deliver consistent operating and financial results.
Geographic diversity is also important, and the majority of our business is located in the U.S. where the economy has been improving. This helped demand for our products and also the strong U.S. dollar was beneficial to us in 2015.

We continue our strategy of investing in our assets in a deliberate manner to improve their quality and ensure their ability to continue delivering long-term sustainable earnings.
To summarize, 2015 was a solid year for Chemtrade. The benefits of our diverse product portfolio and customer base were evident in the stable annual results, and we are seeing the contributions from the organic growth initiatives we have underway.
Chemtrade continues to be well-positioned to generate long-term sustainable earnings and to produce long-term positive results for our unitholders.
Looking more closely at 2015 results versus the prior year, comparisons with 2014 are somewhat affected due to the General Chemical acquisition and the sale of our Montreal East business to Suncor. General Chemical is included for only 11 months in 2014 results, whereas in 2015, of course, they are included for the full year.

During the second quarter of 2014, we completed the sale of our Montreal East business to Suncor. For the purposes of this presentation, 2014 results, other than distributable cash, do not include results from the Montreal East business.
Distributable cash in 2014 included $18.6 million with respect to this business.

Distributable cash after maintenance capital expenditures for 2015 was $135.7 million, or $1.97 per unit, compared with $126.6 million, or $2.10 per unit in 2014.
Consolidated revenue for 2015 was $1.4 billion, an increase of $161.5 million over 2014. The increase was due primarily to the positive impact of the U.S. dollar on U.S. dollar-denominated revenues. Additionally, 2015 results included 12 months’ contribution from the General Chemical businesses compared with 11 months in 2014.
EBITDA for 2015 was $237.0 million compared with $202.2 million in the previous year. EBITDA in 2014 included $18.4 million of acquisition costs partially offset by the $10.2 million gain relating to post-employment benefit plan changes. The stronger U.S. dollar (which averaged about 78 cents for Chemtrade) had a positive impact of approximately $27.6 million on EBITDA in 2015.
Turning to the segmented results for the year, SPPC generated revenue of $650.3 million and EBITDA of $150.2 million compared with $584.4 million and $133.4 million, respectively, in 2014. The main reason for the increased revenue and EBITDA was the positive impact of the stronger U.S. dollar in 2015. This positive impact on EBITDA was approximately $15.9 million.
WSSC reported revenue of $477.1 million compared with $418.3 million in 2014 and EBITDA of $121.1 million, compared with $117.9 million in 2014. Relative to 2014, the stronger U.S. dollar benefited EBITDA during 2015 by approximately $11.8 million.
International reported revenue of $237.4 million for the year, compared with $200.7 million in 2014. This increase in revenue was primarily due to the positive impact of the stronger U.S. dollar. EBITDA for the year was $16.0 million compared with $16.7 million in 2014. The positive impact of foreign exchange on EBITDA in 2015 was approximately $2.3 million.
Maintenance capital expenditures in 2015 amounted to $52.5 million. This was a little higher than our expectations for 2015. The increase was mainly due to the effect of the strong U.S. dollar, as about 80% of our capex is denominated in U.S. dollars and this effect was even more pronounced in 2015, as the bulk of our capex was incurred during the fourth quarter, when the U.S. dollar was at its strongest. In 2016, we expect maintenance capex to be approximately $50.0 million.
During 2015, consistent with our strategy of financial prudence, we extended the term of our credit facility by almost two years, with the facility now maturing in October 2020.
Our balance sheet at March 31, 2016 was in sound shape. We had drawn down about US$458.3 million on our senior credit facility. Our term loan is fully drawn but we maintain about US$456.0 million of undrawn capacity under the revolving loan, which provides us with ample liquidity.

I’ll now hand it back to Mark.
Mark Davis

Our ability to continue making and successfully integrating acquisitions is dependent on a sound and scalable foundation.
For Chemtrade to continue to succeed we have to keep our focus on operational excellence, while continuing to pursue growth opportunities to add size, scale and diversity.

Operational excellence includes maintaining strong relationships with our customers.
Our partnership with Vale is a good example of what we aim for. As many of you know, when we IPO’d 15 years ago, our key earnings stream was our contract with Inco, now Vale, for acid removal services. Since that IPO we have extended that agreement twice. We have supplied these services to Vale for over 80 years and expect to continue to do so.

One key achievement in 2015 was the most recent amendment of our Vale agreement. This agreement now extends to 2020. We look forward to continuing the Vale long term partnership.
Similar to operational excellence, integration of new businesses is essential to continuing to execute on our growth strategy. This may not be an exciting topic, but as seen in our Q1 earnings, the actions we took in 2015 have stabilized and strengthened our water solutions business. We continue to extend the product portfolio and invest as needed, which are key “integration” activities.

We have to ensure that when we do find the right acquisition growth opportunities, meaning the right business fit at the right value, we must continue to do an excellent job integrating those acquisitions.
Finally, we always need to critically review our businesses and assets and ensure they are positioned to promote Chemtrade’s long term success. We continue to believe we have the portfolio of businesses and in particular the human capital to provide our stakeholders with the returns they have come to expect.
One last point. As some of you know, we have a small facility located on the Syncrude property in Fort McMurray. We normally have about 22 employees working at our site. All of these employees are safe and are among those evacuated from Fort McMurray. Our facility has been safely shut down. Our thoughts and best wishes go out to our employees and their families and to the Fort McMurray community.

Thank you for your attention. We would now be pleased to answer questions.