

NEWS RELEASE

CHEMTRADE LOGISTICS INCOME FUND REPORTS 2017 SECOND QUARTER RESULTS

* * * * *

Strong Contributions from Chemtrade Electrochem (formerly Canexus) Businesses Acquired in March

TORONTO, August 10, 2017 – Chemtrade Logistics Income Fund (TSX: CHE.UN) today announced results for the three and six months ended June 30, 2017. The second quarter financial statements and MD&A will be available on Chemtrade's website at www.chemtradelogistics.com and on SEDAR at www.sedar.com.

On February 24, 2017, Chemtrade entered into a definitive agreement to sell its International business segment to Mitsui & CO., Ltd. ("Mitsui"). The transaction closed during the second quarter of 2017. The International segment is treated as a discontinued operation in the financial statements.

On March 10, 2017, Chemtrade completed its previously-announced acquisition (the "Acquisition") of all the issued and outstanding common shares of Canexus Corporation ("Canexus"). The second quarter included the first full quarter of contribution from the acquired businesses. The first quarter results included 22 days contribution from the acquired businesses. Due to the Acquisition, Chemtrade reconfigured its business segments and introduced a new segment called Electrochemicals ("EC"). EC includes Chemtrade's legacy sodium chlorate business and all of the newly acquired businesses. Comparative financial reporting has been re-stated to conform with the current period presentation.

Revenue from continuing operations for the second quarter of 2017 was \$407.4 million, an increase of \$145.3 million from 2016. This increase was primarily due to revenues generated by the newly acquired businesses, partially offset by lower revenues in Sulphur Products & Performance Chemicals ("SPPC") segment due to lower sales volumes and selling prices for sulphuric acid.

Net earnings from continuing operations for the second quarter of 2017 were \$10.3 million compared with a net loss of \$19.8 million during the second quarter of 2016. Relative to the second quarter of 2016, net earnings during the second quarter of 2017 were higher due to the additional earnings of the newly acquired businesses, partially offset by higher net finance costs and higher depreciation and amortization.

Distributable cash after maintenance capital expenditures from continuing operations⁽¹⁾ for the second quarter was \$58.7 million, or \$0.63 per unit (2016: \$37.6 million, or \$0.54 per unit). The per unit amounts are based on a weighted average number of units outstanding of 92.6 million units in the second quarter this year, versus 69.1 million units outstanding last year.

Adjusted cash flows from operating activities from continuing operations⁽¹⁾ for the second quarter were \$71.6 million (2016: \$46.3 million). Adjusted EBITDA from continuing operations⁽¹⁾ for the second quarter of 2017 was \$95.0 million compared with \$56.8 million in the second quarter of 2016. The increase is mainly attributable to the contribution of approximately \$39.3 million from the new businesses.

For the six months ended June 30, 2017, Distributable cash after maintenance capital expenditures from continuing operations was \$67.4 million (2016: \$73.1 million), or \$0.81 per unit (2016: \$1.06 per unit). A portion of Chemtrade's new credit facilities were used to repay its prior credit facilities and Canexus' extendible revolving credit facilities. Chemtrade recognized \$18.3 million of foreign exchange loss in other comprehensive income in the first quarter as a result of the repayment. This loss is included in Distributable cash after maintenance capital expenditures from continuing operations but excluded from EBITDA. Revenue from continuing operations for the six months was \$682.0 million (2016: \$542.5 million). Adjusted EBITDA from continuing operations was \$139.9 million (2016: \$108.1 million). Adjusted cash flow from operating activities from continuing operations was \$84.8 million (2016: \$86.7 million).

Mark Davis, President and Chief Executive Officer of Chemtrade, said, “Chemtrade generated record EBITDA in the second quarter primarily driven by our new businesses and generally solid contribution from our legacy assets. We are very pleased with the integration of the new businesses into Chemtrade from both a personnel and a financial perspective. Clearly they made significant contributions to second quarter EBITDA and Distributable cash.”

In the second quarter of 2017, SPPC generated revenue of \$127.0 million compared to \$144.6 million in 2016. Adjusted EBITDA⁽¹⁾ for the quarter was \$32.8 million, which was \$6.1 million lower than 2016. The main reason for the decreased revenue, year-over-year, was lower volumes for sulphuric acid, including lower volumes from our Augusta plant as a result of the shutdown of its dedicated customer in late 2016. Additionally, volumes of liquid sulphur dioxide were lower as a result of Chemtrade’s decision in late 2016 to discontinue selling the product in Eastern Canada due to declining demand.

The Water Solutions and Specialty Chemicals (“WSSC”) segment reported second quarter revenue of \$115.7 million compared with \$107.3 million in 2016. Adjusted EBITDA⁽¹⁾ was \$32.4 million compared with \$29.5 million generated in 2016, reflecting stability in water products and strength in potassium chloride.

The EC segment reported revenue of \$164.7 million, \$153.8 million of which is attributable to the newly acquired businesses. Adjusted EBITDA⁽¹⁾ was \$41.7 million, with \$39.3 million contributed by the new businesses. The results include severance costs of approximately \$4.0 million incurred during the quarter.

Corporate costs during the second quarter of 2017 were \$11.8 million, compared with \$13.7 million in the second quarter of 2016. Corporate costs included an \$8.2 million insurance recovery related to a pre-Acquisition incident at the North Vancouver facility. This was offset by a realized foreign exchange loss of \$3.3 million related to the newly acquired business, and corporate costs for the acquired business of \$2.5 million.

During the quarter Chemtrade took several initiatives to simplify its balance sheet, including change of control offers for Chemtrade Electrochem Inc. (formerly Canexus) (“CEI”) debentures, redemption of Chemtrade legacy 5.75% debentures and redemption of CEI 5.75% debentures that did not tender to the change of control offer. Acceptances of the change of control offers and the redemptions were funded using part of the net proceeds of an issuance by Chemtrade in May of \$201.3 million unsecured debentures. Part of the proceeds were also used to redeem \$38.5 million principal amount of the \$110.0 million principal amount of outstanding CEI high yield notes. In July, Chemtrade made an offer to exchange the outstanding CEI 6.0% and 6.5% debentures for Chemtrade convertible debentures with coupon rates of 5.5% and 5.75% respectively. The results of those offers will be announced in a separate news release tomorrow.

Mr. Davis said, “The focus of our efforts in the second quarter was the integration of the new businesses. The integration is well advanced and our new employees are making significant contributions. At the same time we continued our efforts to strengthen and optimize our legacy assets. EC has further diversified our sources of earnings and, in aggregate, fits in well with our risk mitigating business model. Demand for certain of our key products, including regen, ultra pure acid, potassium chloride (“KCl”) and EC products remains strong and demand for most other products, like our water treatment products, remains firm. Our diversity of earnings and business model means we can benefit from robust demand situations, while knowing we have some downside protection should markets change. We remain confident that our portfolio of businesses, business model and strong balance sheet will enable us to sustain our distributions to unitholders and to continue investing in making our businesses stronger.”

Distributions

Distributions declared in the second quarter totalled \$0.30 per unit, comprised of monthly distributions of \$0.10 per unit.

About Chemtrade

Chemtrade operates a diversified business providing industrial chemicals and services to customers in North America and around the world. Chemtrade is one of North America's largest suppliers of sulphuric acid, spent acid processing services, inorganic coagulants for water treatment, sodium chlorate, sodium nitrite, sodium hydrosulphite and phosphorus pentasulphide. Chemtrade is a leading regional supplier of sulphur, chlor-alkali products, liquid sulphur dioxide, potassium chloride, and zinc oxide. Additionally, Chemtrade provides industrial services such as processing by-products and waste streams.

(1) 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 is provided below:

(\$'000)	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
Net earnings (loss) from continuing operations	\$ 10,280	\$ (19,812)	\$ 10,952	\$ 7,695
Add:				
Depreciation and amortization	57,041	36,860	96,156	75,437
Net finance costs	27,173	14,225	47,198	23,026
Income tax recovery	(5,323)	(31,716)	(18,474)	(41,932)
EBITDA from continuing operations	89,171	(443)	135,832	64,226
Add:				
Impairment of intangible assets	—	3,143	—	3,143
Loss on disposal and write-down of assets	4,064	55,730	4,064	55,816
Unrealized foreign exchange loss (gain)	1,795	(1,663)	(37)	(15,062)
Adjusted EBITDA from continuing operations	\$ 95,030	\$ 56,767	\$ 139,859	\$ 108,123

Segmented Information

SPPC -

(\$'000)	<u>Three months ended</u>		<u>Six months ended</u>	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenue	\$ 127,018	\$ 144,618	\$ 250,623	\$ 304,164
Adjusted EBITDA	32,813	38,947	61,720	74,655
Impairment of intangible assets	—	(3,143)	—	(3,143)
Loss on disposal and write-down	(138)	(55,695)	(136)	(55,781)
EBITDA	32,675	(19,891)	61,584	15,731
Depreciation and amortization	(18,908)	(19,279)	(37,707)	(39,231)
Net finance costs	(5,178)	(4,901)	(11,237)	(9,721)
Income tax recovery	4,079	27,113	9,725	33,357
Net earnings (loss)	\$ 12,668	\$ (16,958)	\$ 22,365	\$ 136

WSSC -

(\$'000)	<u>Three months ended</u>		<u>Six months ended</u>	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenue	\$ 115,722	\$ 107,278	\$ 217,805	\$ 215,727
Adjusted EBITDA	32,353	29,499	54,411	56,559
Loss on disposal and write-down	(23)	(35)	(25)	(35)
EBITDA	32,330	29,464	54,386	56,524
Depreciation and amortization	(13,781)	(15,422)	(27,264)	(31,651)
Net finance costs	(3,208)	(2,787)	(9,972)	(5,864)
Income tax recovery	6,578	4,341	14,447	8,211
Net earnings	\$ 21,919	\$ 15,596	\$ 31,597	\$ 27,220

EC -

(\$'000)	<u>Three months ended</u>		<u>Six months ended</u>	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Sodium Chlorate Sales Volume (000's MT)	122	13	165	29
Chlor-alkali Sales Volume (000's MECU)	62	—	76	—
Revenue	\$ 164,671	\$ 10,237	\$ 213,537	\$ 22,594
Adjusted EBITDA	41,677	1,986	54,527	5,655
Loss on write-down of assets	(3,903)	—	(3,903)	—
EBITDA	37,774	1,986	50,624	5,655
Depreciation and amortization	(24,352)	(2,159)	(31,185)	(4,555)
Net finance costs	(7,452)	(15)	(10,262)	(29)
Income tax (expense) recovery	(4,376)	37	(4,719)	139
Net earnings (loss)	\$ 1,594	\$ (151)	\$ 4,458	\$ 1,210

Cash Flow –

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 consolidated 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 consolidated 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)	<u>Three months ended</u>		<u>Six months ended</u>	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Cash flow from operating activities	\$ 33,768	\$ 23,363	\$ 18,678	\$ 35,731
Less:				
Cash flow from (used in) operating activities of discontinued operations	(1,218)	529	(3,809)	(3,820)
Cash flow from operating activities of continuing operations	34,986	22,834	22,487	39,551
Add:				
Changes in non-cash working capital and other items	36,578	23,501	62,294	47,106
Adjusted cash flows from operating activities of continuing operations	71,564	46,335	84,781	86,657
Less:				
Maintenance capital expenditure	12,862	8,694	17,427	13,537
Distributable cash after maintenance capital expenditure from continuing operations	58,702	37,641	67,354	73,120
Less:				
Non-maintenance capital expenditure ⁽¹⁾	2,786	1,943	4,356	4,422
Distributable cash after all capital expenditure from continuing operations	\$ 55,916	\$ 35,698	\$ 62,998	\$ 68,698

Caution Regarding Forward-Looking Statements

Certain statements contained in this news release 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. Specifically, forward-looking statements in this news release include statements respecting certain future expectations about: the level of demand for our products and our ability to benefit therefrom; the effectiveness of our business model; the sustainability of Chemtrade’s distribution rate; and our ability to continue investing in our businesses. Forward-looking statements in this news release describe the expectations of the Fund and its subsidiaries as of the date hereof. These statements are based on assumptions and 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 the Fund’s latest Annual Information Form and the “RISKS AND UNCERTAINTIES” section of the Fund’s most recent Management’s Discussion & Analysis.

Although the Fund 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. With respect to the forward-looking statements contained in this news release, the Fund has made assumptions regarding: there being no significant disruptions affecting the operations of the Fund and its subsidiaries, whether due to labour disruptions, supply disruptions, power disruptions, transportation disruptions, damage to equipment or otherwise; the ability of the Fund to obtain products, raw materials, equipment, transportation, services and supplies in a timely manner to carry out its activities and at prices consistent with current levels or in line with the Fund’s expectations; the timely receipt of required regulatory approvals; the cost of regulatory and environmental compliance being consistent with current levels or in line with the Fund’s expectations; the ability of the Fund to successfully access tax losses and tax attributes; the ability of the Fund to obtain financing on acceptable terms; currency, exchange and interest rates being consistent with current levels or in line with the Fund’s expectations; and global economic performance.

Except as required by law, the Fund 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 Logistics Income Fund with the securities regulatory authorities, available at www.sedar.com.

A conference call to review the second quarter 2017 results will be webcast live on www.chemtradelogistics.com and www.newswire.ca on Friday, August 11, 2017 at 10:00 a.m. ET.

###

For further information:

Mark Davis
President and CEO
Tel: (416) 496-4176

Rohit Bhardwaj
Vice-President, Finance and CFO
Tel: (416) 496-4177