

NEWS RELEASE

CHEMTRADE LOGISTICS INCOME FUND REPORTS THIRD QUARTER 2018 RESULTS

TORONTO, November 8, 2018 - Chemtrade Logistics Income Fund (TSX: CHE.UN) today announced results from continuing operations for the three months and nine months ended September 30, 2018. The financial statements and MD&A will be available on Chemtrade's website at www.chemtradelogistics.com and on SEDAR at www.sedar.com.

Revenue from continuing operations for the third quarter of 2018 was \$418.2 million, which was \$17.7 million higher than the third quarter of 2017. The increase was primarily a result of higher revenues in the Water Solutions & Specialty Chemicals ("WSSC") segment.

The third quarter results include an increase of \$35.0 million in the litigation reserve ("Litigation Reserve") established in the second quarter to cover the costs of resolving the civil actions commenced against General Chemical entities acquired by Chemtrade in 2014. This is related to conduct that occurred prior to Chemtrade's acquisition of General Chemical. On November 1, 2018 Chemtrade announced that, subject to court approval, it had settled the main class action civil lawsuit. The increase is reflected in both EBITDA and distributable cash for the quarter.

Net earnings from continuing operations for the third quarter of 2018 were \$9.2 million, compared with \$22.4 million in 2017.

Excluding the increase in the Litigation Reserve, Adjusted EBITDA from continuing operations⁽¹⁾ for the third quarter of 2018 was \$88.8 million compared with \$81.9 million in the third quarter of 2017. The increase in Adjusted EBITDA is mainly attributable to the higher Adjusted EBITDA in the WSSC and Electrochemicals ("EC") segments.

Cash flows from operating activities were \$102.6 million compared with \$70.5 million during the third quarter of 2017. Adjusted cash flow from operating activities from continuing operations⁽¹⁾ (excluding the increase in the Litigation Reserve) was \$71.2 million compared with \$61.3 million generated during the third quarter of 2017. Distributable cash after maintenance capital expenditures from continuing operations⁽¹⁾ (excluding the increase in the Litigation Reserve) for the third quarter of 2018 was \$54.0 million or \$0.58 per unit compared with \$46.8 million or \$0.51 per unit in 2017.

Chemtrade President and Chief Executive Officer, Mark Davis, said, "Market conditions remained favourable for most of our products during the quarter. Pricing for all sulphuric acid products continued to strengthen, offsetting the effect of reduced merchant acid from our major by-product supplier. As indicated earlier this year, results for the second half of 2018 are expected to be better than the first half, which included a large number of plant turnarounds. The results for the third quarter show we are on track to deliver the stronger results."

In the third quarter of 2018, the Sulphur Products and Performance Chemicals ("SPPC") segment generated revenue of \$129.6 million compared to \$125.6 million in 2017. Higher prices for merchant sulphuric acid helped to offset lower volumes due to reduced availability of merchant acid supply. Adjusted EBITDA for the quarter was \$22.2 million, which was \$3.0 million lower than 2017. EBITDA was negatively affected by poor results for sodium bisulphite ("SBS") and sulphur. Sulphur results were negatively affected by turnarounds at refineries, which resulted in reduced supply. Chemtrade has decided to return to marketing SBS through a distributor rather than self-marketing. Results for SBS are expected to improve once the transition is completed.

The WSSC segment reported third quarter revenue of \$116.6 million compared with \$103.1 million in 2017. The increase in revenues is primarily due to higher volumes and higher selling prices of Water Products.

Adjusted EBITDA was \$24.1 million compared with \$21.1 million generated in 2017. Although selling prices of Water Products were higher, costs of alumina and sulphuric acid, the key raw materials for aluminum sulphate (“alum”), both continued to increase in price, reducing margins. Earnings were also affected by temporary production issues related to the expansion activities at the potassium chloride (“KCl”) facility. Results for the quarter also include an insurance recovery of \$2.2 million related to an issue that occurred in 2016.

The EC segment reported revenue of \$172.0 million and Adjusted EBITDA of \$57.1 million in the third quarter of this year, compared with \$171.8 million and \$55.4 million, respectively, in 2017. Despite some volatility in caustic soda prices, demand remains strong and higher prices are expected through 2022.

Corporate costs during the third quarter of 2018 were \$49.7 million, compared with \$19.9 million in the third quarter of 2017. The primary reason for the increase was the \$35.0 million reserve for the Litigation Reserve. Ignoring the Litigation Reserve, corporate costs for the third quarter of 2018 were \$5.2 million lower than 2017 due to lower incentive compensation accruals.

Mr. Davis said, “Fundamentals for most of our core products remain favourable. Although demand for some products tends to be weaker in the fourth quarter than the third quarter, we continue to believe that the second half of this year will generate stronger results than the first half. Looking forward to 2019, we remain encouraged by the outlook for most of our products and, in particular, the current robust pricing environment for sulphuric acid and for alum, and the forecast mid-to long-term pricing of caustic soda.”

Distributions

Distributions declared in the third 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 net earnings to EBITDA and Adjusted EBITDA is provided below:

| (\$'000) | <u>Three months ended</u> | | <u>Nine months ended</u> | |
|--|---------------------------|-----------------------|--------------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Net earnings (loss) from continuing operations | \$ 9,194 | \$ 22,413 | \$ (34,332) | \$ 33,365 |
| Add: | | | | |
| Depreciation and amortization | 53,596 | 52,411 | 160,667 | 148,567 |
| Net finance costs | 13,092 | 19,154 | 48,863 | 66,352 |
| Income tax recovery | (10,627) | (12,754) | (38,032) | (31,228) |
| EBITDA from continuing operations | 65,255 | 81,224 | 137,166 | 217,056 |
| Loss (gain) on disposal and write-down of assets | (8,413) | 282 | (5,070) | 4,346 |
| Unrealized foreign exchange loss (gain) | (3,064) | 356 | (870) | 319 |
| Adjusted EBITDA from continuing operations | \$ 53,778 | \$ 81,862 | \$ 131,226 | \$ 221,721 |

Segmented information

SPPC -

| (\$'000) | <u>Three months ended</u> | | <u>Nine months ended</u> | |
|--|---------------------------|-----------------------|--------------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Revenue | \$ 129,572 | \$ 125,639 | \$ 380,683 | \$ 380,361 |
| Gross Profit | 15,006 | 10,176 | 27,018 | 40,912 |
| Adjusted EBITDA | 22,237 | 25,215 | 69,164 | 88,567 |
| Gain (loss) on disposal and write-down of assets | 8,413 | (282) | 5,070 | (418) |
| EBITDA | 30,650 | 24,933 | 74,234 | 88,149 |
| Depreciation and amortization | (18,011) | (17,524) | (54,506) | (55,634) |
| Net finance costs | (3,659) | (4,275) | (10,139) | (15,512) |
| Income tax recovery | 2,176 | 6,887 | 11,161 | 16,688 |
| Net earnings | \$ 11,156 | \$ 10,021 | \$ 20,750 | \$ 33,691 |

WSSC -

| (\$'000) | <u>Three months ended</u> | | <u>Nine months ended</u> | |
|--|---------------------------|-----------------------|--------------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| Revenue | \$ 116,601 | \$ 103,055 | \$ 327,869 | \$ 316,761 |
| Gross Profit | 11,402 | 11,908 | 33,082 | 44,927 |
| Adjusted EBITDA | 24,114 | 21,089 | 65,371 | 73,868 |
| Gain (loss) on disposal and write-down of assets | — | — | — | (25) |
| EBITDA | 24,114 | 21,089 | 65,371 | 73,843 |
| Depreciation and amortization | (13,168) | (12,698) | (38,606) | (39,559) |
| Net finance costs | (4,642) | (5,103) | (12,776) | (15,075) |
| Income tax recovery | 6,568 | 8,966 | 18,079 | 23,337 |
| Net earnings | \$ 12,872 | \$ 12,254 | \$ 32,068 | \$ 42,546 |

EC -

| (\$'000) | <u>Three months ended</u> | | <u>Nine months ended</u> | |
|---|---------------------------|-----------------------|--------------------------|-----------------------|
| | September 30, 2018 | September 30, 2017 | September 30, 2018 | September 30, 2017 |
| North American Sales Volumes: | | | | |
| Sodium Chlorate Sales Volume (000's MT) | 103 | 110 | 305 | 255 |
| Chlor-alkali Sales Volume (000's MECU) | 51 | 54 | 132 | 116 |
| Revenue | \$ 172,021 | \$ 171,810 | \$ 496,395 | \$ 385,347 |
| Gross Profit | 37,361 | 36,941 | 88,051 | 65,328 |
| Adjusted EBITDA | 57,121 | 55,430 | 147,246 | 109,957 |
| Loss on write-down of assets | — | — | — | (3,903) |
| EBITDA | 57,121 | 55,430 | 147,246 | 106,054 |
| Depreciation and amortization | (22,417) | (22,189) | (67,555) | (53,374) |
| Net finance costs | (3,659) | (2,145) | (17,394) | (12,407) |
| Income tax expense | (3,556) | (3,552) | (11,442) | (8,271) |
| Net earnings | \$ 27,489 | \$ 27,544 | \$ 50,855 | \$ 32,002 |

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>Nine months ended</u> | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | <u>September 30, 2018</u> | <u>September 30, 2017</u> | <u>September 30, 2018</u> | <u>September 30, 2017</u> |
| Cash flow from operating activities | \$ 102,567 | \$ 70,452 | \$ 164,611 | \$ 89,130 |
| Less: | | | | |
| Cash flow used in operating activities of discontinued operations | — | — | — | (3,809) |
| Cash flow from operating activities of continuing operations | 102,567 | 70,452 | 164,611 | 92,939 |
| Add (deduct): | | | | |
| Changes in non-cash working capital and other items | (66,371) | (9,119) | (94,031) | 53,175 |
| Adjusted cash flows (used in) from operating activities of continuing operations | 36,196 | 61,333 | 70,580 | 146,114 |
| Less: | | | | |
| Maintenance capital expenditure | 17,210 | 14,550 | 46,216 | 31,977 |
| Distributable cash after maintenance capital expenditure from continuing operations | 18,986 | 46,783 | 24,364 | 114,137 |
| Less: | | | | |
| Non-maintenance capital expenditure ⁽¹⁾ | 4,472 | 1,461 | 9,026 | 5,817 |
| Distributable cash after all capital expenditure from continuing operations | \$ 14,514 | \$ 45,322 | \$ 15,338 | \$ 108,320 |

⁽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.

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 Fund's ability to achieve stronger results in the second half of 2018 as compared to the first half; its ability to improve SBS results and the timing thereof; and the likelihood of higher future prices for sulphuric acid, alum and caustic soda and the duration of any such higher pricing. 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 third quarter 2018 results will be webcast live on www.chemtradelogistics.com and www.cision.com on Friday, November 9, 2018 at 10.00 a.m. ET.

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