

NEWS RELEASE

CHEMTRADE LOGISTICS INCOME FUND REPORTS FIRST QUARTER 2017 RESULTS

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Previously announced acquisition of Canexus closed during first quarter

TORONTO, May 9, 2017 – Chemtrade Logistics Income Fund (TSX: CHE.UN) today announced results from continuing operations for the three months ended March 31, 2017. The 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 has now received relevant regulatory approvals and is expected to close 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 first quarter results include 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 sodium chlorate business and all of the newly acquired businesses. Comparative financial reporting has been re-stated to conform with the current period presentation.

Chemtrade incurred acquisition-related costs of \$2.9 million in the first quarter, which are included in reported results for the three months ended March 31, 2017.

Revenue from continuing operations for the first quarter of 2017 was \$274.6 million, a decrease of \$5.8 million from 2016. This decrease was primarily due to lower sales volumes and selling prices for sulphuric acid in the Sulphur Products & Performance Chemicals segment ("SPPC") and lower volumes of some products in the Water Solutions & Specialty Chemicals segment ("WSSC"), offset by \$35.6 million of revenues in EC generated by the newly acquired businesses.

Net earnings from continuing operations for the first quarter of 2017 was \$0.7 million, compared with \$27.5 million in 2016. Relative to the first quarter of 2016, net earnings during the first quarter of 2017 were negatively affected by lower levels of unrealized foreign exchange gains and higher net finance costs, partially offset by higher net income tax recoveries.

Adjusted EBITDA from continuing operations⁽¹⁾ for the first quarter of 2017, excluding the \$2.9 million of acquisition related costs, was \$47.7 million compared with \$51.4 million in the first quarter of 2016. The decrease is mainly attributable to the late 2016 cessation of production at Chemtrade's sulphuric acid plant in Augusta, Georgia and the temporary lower production at Chemtrade's potassium chloride plant in Midlothian, Texas that is undergoing expansion. This is partially offset by the contribution of \$8.0 million from the newly acquired businesses.

In connection with the financing for the Acquisition, a portion of Chemtrade's new credit facilities were used to repay its existing credit facilities and Canexus' extendible revolving credit facilities. Chemtrade recognized \$18.3 million of foreign exchange loss in other comprehensive income as a result of the repayment and this loss is included in Distributable cash after maintenance capital expenditures from continuing operations.

Cash flow used in operating activities was \$15.1 million compared with \$12.4 million generated from operating activities during the first quarter of 2016. Adjusted cash flow from operating activities from continuing operations⁽¹⁾ was \$13.2 million compared with \$40.3 million generated during the first quarter of 2016. Distributable cash after maintenance capital expenditures from continuing operations⁽¹⁾ for the first quarter of 2017, excluding the foreign exchange loss and acquisition related costs was \$29.8 million or \$0.40 per unit compared with \$35.5 million or \$0.54 per unit in 2016.

Chemtrade President and Chief Executive Officer, Mark Davis, said, "The most significant achievement of this year so far has been the closing and on-going integration of the Canexus Acquisition and the related financings, some of which has taken place since the end of the quarter. Some of our legacy businesses experienced a continuation of operating issues that emerged during the fourth quarter last year, but these are now largely resolved and we expect a return to normal operations going forward. Our new EC segment contributed well for the short period post-closing and we look forward to its substantial contribution for the balance of the year and into the future."

In the first quarter of 2017, SPPC generated revenue of \$123.6 million compared to \$159.5 million in 2016. Adjusted EBITDA⁽¹⁾ for the quarter was \$28.9 million compared with \$35.7 million in 2016. The main reason for the decreased revenue, year-over-year, was \$24.7 million of lower revenues for sulphuric acid due to lower sales volumes, including the effect of cessation of production at Chemtrade's Augusta, Georgia plant, and due to lower selling prices. Revenue from sales of liquid sulphur dioxide was also \$8.9 million lower than 2016 following Chemtrade's decision in late 2016 to discontinue selling the product in Eastern Canada due to declining demand. Adjusted EBITDA would have been closer to last year but for the cessation of operations at the Augusta plant, and operational issues at two acid regeneration plants.

The WSSC segment reported first quarter revenue of \$102.1 million compared with \$108.4 million in 2016. Adjusted EBITDA⁽¹⁾ was \$22.1 million compared with \$27.1 million generated in 2016. Adjusted EBITDA⁽¹⁾ was affected by carry-over operational issues from the fourth quarter of 2016 at a water chemicals manufacturing plant and reduced operating rates at the Midlothian potassium chloride plant. These issues are not expected to continue beyond the first quarter.

Chemtrade's new reporting segment, EC, reported revenue of \$48.9 million, \$35.6 million of which is attributable to the newly acquired businesses. Adjusted EBITDA was \$12.9 million, with \$8.0 million contributed by the new businesses.

Corporate costs during the first quarter of 2017 were \$19.0 million, compared with \$15.1 million in the first quarter of 2016. The primary reason for the difference was the \$2.9 million of transaction costs related to the Acquisition. Additionally, LTIP costs in the first quarter this year were \$1.6 million higher than last year.

Mr. Davis said, "We are very pleased with our new employees and with the early stages of the integration. We are realizing the synergies we anticipated from our newly-acquired businesses and are excited about the contribution we expect our new EC segment to make to Chemtrade."

Since the end of the quarter Chemtrade made change of control offers to holders of Canexus Debentures and Notes. The offers expired on May 8, 2017. A separate news release on the status of the offers and redemptions was issued today. To fund the offers and redemptions, Chemtrade raised \$201.3 million, including the underwriter's option, through an issuance of 4.75% convertible unsecured debentures that closed on May 2, 2017.

Distributions

Distributions declared in the first 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:

<i>(\$'000)</i>	<u>Three months ended</u>	
	March 31, 2017	March 31, 2016
Net earnings from continuing operations	\$ 671	\$ 27,507
Add:		
Depreciation and amortization	39,115	38,577
Net finance costs	20,025	8,801
Income tax recovery	(13,151)	(10,216)
EBITDA from continuing operations	46,660	64,669
Add:		
Loss on disposal and write-down of assets	-	86
Unrealized foreign exchange gain	(1,842)	(13,399)
Adjusted EBITDA from continuing operations	\$ 44,818	\$ 51,356

Segmented information

SPPC -

(\$'000)	<u>Three months ended</u>	
	March 31, 2017	March 31, 2016
Net earnings	\$ 9,697	\$ 17,094
Add:		
Depreciation and amortization	18,799	19,952
Net finance costs	6,059	4,820
Income tax recovery	(5,646)	(6,244)
EBITDA	28,909	35,622
Add:		
(Gain) loss on disposal and write-down of assets	(2)	86
Adjusted EBITDA	\$ 28,907	\$ 35,708

WSSC -

(\$'000)	<u>Three months ended</u>	
	March 31, 2017	March 31, 2016
Net earnings	\$ 9,678	\$ 11,624
Add:		
Depreciation and amortization	13,483	16,229
Net finance costs	6,764	3,077
Income tax recovery	(7,869)	(3,870)
EBITDA	22,056	27,060
Add:		
Loss on disposal and write-down of assets	2	-
Adjusted EBITDA	\$ 22,058	\$ 27,060

EC -

(\$'000)	<u>Three months ended</u>	
	March 31, 2017	March 31, 2016
Net earnings	\$ 2,864	\$ 1,361
Add:		
Depreciation and amortization	6,833	2,396
Net finance costs	2,810	14
Income tax expense (recovery)	343	(102)
EBITDA	12,850	3,669
Adjusted EBITDA	\$ 12,850	\$ 3,669

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)	Three months ended	
	March 31, 2017	March 31, 2016
Cash flow (used in) from operating activities	\$ (15,090)	\$ 12,368
Less:		
Cash flows used in operating activities of discontinued operations	(2,591)	(4,349)
Cash flow from operating activities of continuing operations	(12,499)	16,717
Add:		
Changes in non-cash working capital and other items	25,716	23,605
Adjusted cash flows from operating activities	13,217	40,322
Less:		
Maintenance capital expenditure	4,565	4,843
Distributable cash after maintenance capital expenditure	8,652	35,479
Less:		
Non-maintenance capital expenditure ⁽¹⁾	1,570	2,479
Distributable cash after all capital expenditure	\$ 7,082	\$ 33,000

⁽¹⁾ Non-maintenance capital expenditures are: (a) 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 ability to close and timing of the sale of the International business segment; the ability of our legacy businesses (including the Midlothian facility) to return to normal operations and the timing thereof; and the quantum of the contribution from the EC segment and the timing thereof. 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 first quarter 2017 results will be webcast live on www.chemtradelogistics.com and www.newswire.ca on Wednesday, May 10, 2017 at 8:30 a.m. ET.

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