

NEWS RELEASE

CHEMTRADE LOGISTICS INCOME FUND REPORTS FIRST QUARTER 2018 RESULTS

TORONTO, May 8, 2018 – Chemtrade Logistics Income Fund (TSX: CHE.UN) today announced results from continuing operations for the three months ended March 31, 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.

On March 10, 2017, Chemtrade completed the acquisition (the "Acquisition") of all the issued and outstanding common shares of Canexus Corporation ("Canexus"). The first quarter 2017 results included roughly three weeks of 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 the newly acquired businesses.

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.

Revenue from continuing operations for the first quarter of 2018 was \$381.5 million, an increase of \$106.9 million from 2017. This increase was primarily due to revenues generated by the newly acquired businesses, partially offset by lower revenues in the Sulphur Products & Performance Chemicals ("SPPC") segment.

Net earnings from continuing operations for the first quarter of 2018 were \$6.9 million, compared with \$0.7 million in 2017. The increase was mainly due to higher net earnings from the newly acquired businesses.

Adjusted EBITDA from continuing operations⁽¹⁾ for the first quarter of 2018 was \$72.0 million compared with \$44.8 million in the first quarter of 2017. The increase in Adjusted EBITDA is mainly attributable to the contribution from the new businesses in the EC segment, partially offset by lower Adjusted EBITDA in the SPPC and Water Solutions & Specialty Chemicals ("WSSC") segments.

Cash flows from operating activities were \$35.0 million compared with cash flows used in operating activities of \$15.1 million during the first quarter of 2017. Adjusted cash flow from operating activities from continuing operations⁽¹⁾ was \$54.1 million compared with \$13.2 million generated during the first quarter of 2017. Distributable cash after maintenance capital expenditures from continuing operations⁽¹⁾ for the first quarter of 2018 was \$44.2 million or \$0.48 per unit compared with \$8.7 million or \$0.12 per unit in 2017. Distributable cash after maintenance capital expenditures from continuing operations for the first quarter of 2017 included Canexus Acquisition costs of \$2.9 million and a foreign exchange loss of \$18.3 million resulting from the repayment of US dollar bank debt associated with the financing for the Acquisition.

Chemtrade President and Chief Executive Officer, Mark Davis, said, "Markets for our key products remained strong during the first quarter, continuing the strength we saw at the end of 2017. The operational issues we experienced in the latter half of 2017 are being addressed and the benefits should be seen in the second half of this year. Our first quarter results reflect the contributions from the Canexus businesses acquired last year; however, we were unable to realize the full benefits of these businesses due to a lack of rail service and railcar availability. These rail issues caused us to reduce production at our North Vancouver chlor-alkali facility."

In the first quarter of 2018, SPPC generated revenue of \$122.6 million compared to \$125.5 million in 2017. Adjusted EBITDA for the quarter was \$21.3 million, which was \$8.2 million lower than 2017. From a revenue perspective, the main reason for the year-over-year decrease was lower sales volume for sulphuric

acid as higher prices were not sufficient to fully offset the effect of lower volume, particularly lower volume from our largest by-product supplier. Adjusted EBITDA was lower due to reduced sales volume for merchant sulphuric acid and higher maintenance spending due to additional plant turnarounds. The reduced sales volume of merchant acid was due to reduced availability of supply as demand remained firm.

The WSSC segment reported first quarter revenue of \$98.9 million compared with \$100.2 million in 2017. Adjusted EBITDA was \$18.8 million compared with \$21.5 million generated in 2017. The decrease is primarily due to the effects of operating issues at two water chemical plants that started in 2017. The issues are being resolved but resulted in additional costs in the first quarter of 2018 to ensure that customers were not disrupted. The stronger Canadian dollar relative to the US dollar also had a negative impact on Adjusted EBITDA in 2018.

The EC segment reported revenue of \$159.9 million and Adjusted EBITDA of \$49.2 million. While demand for chlor-alkali products remained firm, the production rate was constrained due to the issues associated with western Canadian rail shipping and because of insufficient railcars for hydrochloric acid.

Corporate costs during the first quarter of 2018 were \$17.4 million, compared with \$19.0 million in the first quarter of 2017. The primary reason for the difference was the \$2.9 million of transaction costs related to the Acquisition and higher Long-Term Incentive Plan costs recorded in the first quarter of 2017.

During the first quarter, Chemtrade amended its senior credit agreement to add one more year of term. The credit facility now matures in March 2023.

Mr. Davis said, "We expect the steady to robust markets we saw at the end of 2017 and first quarter this year to continue throughout 2018. The chlor-alkali markets continue to be strong and show no sign of weakening. The sodium chlorate industry and our plants are operating at high utilization rates, and demand for all our sulphuric acid products remains strong. As a result of the issues mentioned and our turnaround schedule we expect that the second half of 2018 will show stronger results than the first half."

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:

(\$'000)	<u>Three months ended</u>	
	March 31, 2018	March 31, 2017
Net earnings from continuing operations	\$ 6,916	\$ 672
Add:		
Depreciation and amortization	52,337	39,115
Net finance costs	15,672	20,025
Income tax recovery	(2,944)	(13,151)
EBITDA from continuing operations	71,981	46,661
Add:		
Gain on disposal and write-down of assets	(115)	-
Unrealized foreign exchange loss (gain)	105	(1,842)
Adjusted EBITDA from continuing operations	\$ 71,971	\$ 44,819

Segmented information

SPPC –

(\$'000)	<u>Three Months Ended</u>	
	March 31, 2018	March 31, 2017
Revenue	\$ 122,634	\$ 125,458
Gross profit	7,580	13,148
Adjusted EBITDA	21,266	29,452
Gain on disposal and write-down of assets	125	2
EBITDA	21,391	29,454
Depreciation and amortization	(16,273)	(19,000)
Net finance costs	(2,895)	(6,059)
Income tax recovery	5,306	5,670
Net earnings	\$ 7,529	\$ 10,065

WSSC

(\$'000)	<u>Three Months Ended</u>	
	March 31, 2018	March 31, 2017
Revenue	\$ 98,893	\$ 100,230
Gross profit	7,943	11,914
Adjusted EBITDA	18,845	21,513
Loss on disposal and write-down of assets	(10)	(2)
EBITDA	18,835	21,511
Depreciation and amortization	(13,893)	(13,282)
Net finance costs	(3,630)	(6,764)
Income tax recovery	3,838	7,845
Net earnings	\$ 5,150	\$ 9,310

EC

	<u>Three Months Ended</u>	
	March 31, 2018	March 31, 2017
North American sales volumes:		
Sodium chlorate sales volume (000's MT)	98	37
Chlor-alkali sales volume (000's MECU)	44	11
Revenue	\$ 159,946	\$ 48,866
Gross profit	29,933	7,570
Adjusted EBITDA	49,222	12,850
EBITDA	49,222	12,850
Depreciation and amortization	(22,171)	(6,833)
Net finance costs	(5,634)	(2,810)
Income tax expense	(5,981)	(343)
Net earnings	\$ 15,436	\$ 2,864

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, 2018	March 31, 2017
Cash flow from (used in) operating activities	\$ 35,037	\$ (15,090)
Cash flow used in operating activities of discontinued operations	-	(2,591)
Cash flow from (used in) operating activities of continuing operations	35,037	(12,499)
Add:		
Changes in non-cash working capital and other items	19,054	25,716
Adjusted cash flows from operating activities	54,091	13,217
Less:		
Maintenance capital expenditure	9,932	4,565
Distributable cash after maintenance capital expenditure	44,159	8,652
Less:		
Non-maintenance capital expenditure ⁽¹⁾	1,502	1,570
Distributable cash after all capital expenditure	\$ 42,657	\$ 7,082

⁽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 overall market and product demand, including for chlor-alkali and sulphuric acid; and the Fund's ability to achieve stronger results in the second half of 2018 as compared to the first half. 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 2018 results will be webcast live on www.chemtradelogistics.com and www.newswire.ca on Wednesday, May 9, 2018 at 8:30 a.m. ET.

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