

NEWS RELEASE

CHEMTRADE LOGISTICS INCOME FUND REPORTS SECOND QUARTER 2018 RESULTS

TORONTO, August 8, 2018 - Chemtrade Logistics Income Fund (TSX: CHE.UN) today announced results from continuing operations for the three months and six months ended June 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 second quarter of 2018 was \$405.3 million, which was similar to the second quarter of 2017. Revenues during 2018 would have been higher than 2017, but there were significant maintenance turnarounds in the Electrochemicals ("EC") and Sulphur Products and Performance Chemicals ("SPPC") segments.

The second quarter results include a litigation reserve ("Litigation Reserve") of \$65.0 million to cover the potential costs of resolving the civil actions commenced against General Chemical, a company that Chemtrade acquired in 2014 and others for anti-competitive actions in the water business. This is related to conduct that occurred prior to Chemtrade's acquisition of General Chemical. The Litigation Reserve is reflected in both EBITDA and distributable cash for the quarter. Certain financing activities also affected distributable cash, namely aggregate premiums of \$7.4 million paid in connection with the repayment of the Canexus Senior Notes and of a small balance on a historic project finance loan, and a realized foreign exchange loss of \$3.8 million ("Financing & Other Costs"). The foreign exchange loss also affected EBITDA.

Net loss from continuing operations for the second quarter of 2018 was \$50.4 million, compared with net earnings from continuing operations of \$10.3 million in 2017. Excluding the Litigation Reserve, and the Financing & Other Costs, net earnings were \$5.9 million.

Excluding the Litigation Reserve and Financing Costs, Adjusted EBITDA from continuing operations⁽¹⁾ for the second quarter of 2018 was \$74.2 million compared with \$95.0 million in the second quarter of 2017. The decrease in Adjusted EBITDA is mainly attributable to the lower Adjusted EBITDA in the Water Solutions & Specialty Chemicals ("WSSC") and SPPC segments.

Cash flows from operating activities were \$27.0 million compared with \$33.8 million during the second quarter of 2017. Adjusted cash flow used in operating activities from continuing operations⁽¹⁾ was \$19.7 million compared with adjusted cash flows from operating activities from continuing operations of \$71.6 million generated during the second quarter of 2017. Distributable cash after maintenance capital expenditures from continuing operations⁽¹⁾ (excluding the Litigation Reserve and Financing & Other Costs) for the second quarter of 2018 was \$37.4 million or \$0.40 per unit compared with \$58.7 million or \$0.63 per unit in 2017.

Chemtrade President and Chief Executive Officer, Mark Davis, said, "As indicated earlier this year, a large number of plant turnarounds were scheduled for the second quarter. We were pleased that all were successfully and safely completed. In particular, the extensive maintenance turnaround at our North Vancouver chlor-alkali facility was successfully brought back online and is now operating at normal levels."

In the second quarter of 2018, SPPC generated revenue of \$128.5 million compared to \$129.3 million in 2017. Adjusted EBITDA for the quarter was \$25.7 million, which was \$8.2 million lower than 2017. As previously disclosed, a large number of maintenance turnarounds in SPPC were scheduled for the second quarter of 2018 whereas there were none during the second quarter of 2017. Between maintenance costs and the lost value of production, it is estimated that the financial effect of this activity was approximately \$8.0 million. From a revenue perspective, a significantly lower volume of merchant acid was offset by higher prices for merchant acid.

The WSSC segment reported second quarter revenue of \$112.4 million compared with \$113.5 million in 2017. Adjusted EBITDA was \$22.4 million compared with \$31.3 million generated in 2017. The decrease is primarily due to higher costs in the water business and lower production of potassium chloride, or KCl. The key raw materials for alum, alumina and sulphuric acid, both increased in price. Further, earnings were also affected by costs related to initiatives to increase production at water sites that previously had operating issues. Finally, we incurred temporary production issues of KCl related to the expansion activities at our facility in Midlothian, Texas.

The EC segment reported revenue of \$164.4 million and Adjusted EBITDA of \$40.9 million in the second quarter of this year, compared with \$164.7 million and \$41.7 million, respectively, in 2017. Revenues and EBITDA were substantially similar year over year despite the significant maintenance turnaround in the quarter at the North Vancouver plant. The effect on results of the turnaround was approximately \$14.0 million. Strong demand and higher prices for caustic and hydrochloric acid partially offset the significant costs incurred.

Corporate costs during the second quarter of 2018 were \$83.5 million, compared with \$11.8 million in the second quarter of 2017. The primary reason for the increase was the \$65.0 million reserve for the Litigation Reserve. Costs also included a realized foreign exchange loss of \$3.8 million.

During the second quarter Chemtrade redeemed the Senior Notes originally issued by Canexus and redeemed a long-term loan related to the Fort McMurray facility.

Mr. Davis said, "The successful completion of the large number of turnarounds in the second quarter and good progress on other initiatives underway to improve operating efficiencies at some of our plants positions Chemtrade well for the second half of 2018 and for 2019. Fundamentals for our core products remain favourable and we continue to believe that the second half of this year will generate significantly 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 net earnings to EBITDA and Adjusted EBITDA is provided below:

(\$'000)	<u>Three months ended</u>		<u>Six months ended</u>	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net (loss) earnings from continuing operations	\$ (50,442)	\$ 10,280	\$ (43,526)	\$ 10,952
Add:				
Depreciation and amortization	54,734	57,041	107,071	96,156
Net finance costs	20,099	27,173	35,771	47,198
Income tax recovery	(24,461)	(5,323)	(27,405)	(18,474)
EBITDA from continuing operations	(70)	89,171	71,911	135,832
Loss on disposal and write-down of assets	3,458	4,064	3,343	4,064
Unrealized foreign exchange loss (gain)	2,089	1,795	2,194	(37)
Adjusted EBITDA from continuing operations	\$ 5,477	\$ 95,030	\$ 77,448	\$ 139,859

Segmented information

SPPC -

(\$'000)	<u>Three months ended</u>		<u>Six months ended</u>	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenue	\$ 128,477	\$ 129,264	\$ 251,111	\$ 254,722
Gross Profit	4,432	17,587	12,012	30,735
Adjusted EBITDA	25,661	33,900	46,927	63,352
Loss on disposal and write-down of assets	(3,468)	(138)	(3,343)	(136)
EBITDA	22,193	33,762	43,584	63,216
Depreciation and amortization	(20,222)	(19,110)	(36,495)	(38,110)
Net finance costs	(3,585)	(5,178)	(6,480)	(11,237)
Income tax recovery	3,679	4,131	8,985	9,801
Net earnings	\$ 2,065	\$ 13,605	\$ 9,594	\$ 23,670

WSSC -

(\$'000)	<u>Three months ended</u>		<u>Six months ended</u>	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenue	\$ 112,375	\$ 113,476	\$ 211,268	\$ 213,706
Gross Profit	13,737	21,106	21,680	33,020
Adjusted EBITDA	22,412	31,266	41,257	52,779
Gain (loss) on disposal and write-down of assets	10	(23)	-	(25)
EBITDA	22,422	31,243	41,257	52,754
Depreciation and amortization	(11,545)	(13,579)	(25,438)	(26,861)
Net finance costs	(4,504)	(3,208)	(8,134)	(9,972)
Income tax recovery	7,673	6,526	11,511	14,371
Net earnings	\$ 14,046	\$ 20,982	\$ 19,196	\$ 30,292

EC -

(\$'000)	<u>Three months ended</u>		<u>Six months ended</u>	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
North American Sales Volumes:				
Sodium Chlorate Sales Volume (000's MT)	104	105	202	145
Chlor-alkali Sales Volume (000's MECU)	37	51	81	62
Revenue	\$ 164,428	\$ 164,671	\$ 324,374	\$ 213,537
Gross Profit	20,757	20,817	50,690	28,387
Adjusted EBITDA	40,903	41,677	90,125	54,527
Loss on write-down of assets	-	(3,903)	-	(3,903)
EBITDA	40,903	37,774	90,125	50,624
Depreciation and amortization	(22,967)	(24,352)	(45,138)	(31,185)
Net finance costs	(8,101)	(7,452)	(13,735)	(10,262)
Income tax expense	(1,905)	(4,376)	(7,886)	(4,719)
Net earnings	\$ 7,930	\$ 1,594	\$ 23,366	\$ 4,458

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, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Cash flow from operating activities	\$ 27,007	\$ 33,768	\$ 62,044	\$ 18,678
Cash flow used in operating activities of discontinued operations	-	(1,218)	-	(3,809)
Cash flow from operating activities of continuing operations	27,007	34,986	62,044	22,487
Add (deduct):				
Changes in non-cash working capital and other items	(46,714)	36,578	(27,660)	62,294
Adjusted cash flows (used in) from operating activities of continuing operations	(19,707)	71,564	34,384	84,781
Less:				
Maintenance capital expenditure	19,074	12,862	29,006	17,427
Distributable cash after maintenance capital expenditure from continuing operations	(38,781)	58,702	5,378	67,354
Less:				
Non-maintenance capital expenditure ⁽¹⁾	3,052	2,786	4,554	4,356
Distributable cash after all capital expenditure from continuing operations	\$ (41,833)	\$ 55,916	\$ 824	\$ 62,998

⁽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. 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 2018 results will be webcast live on www.chemtradelogistics.com and www.cision.com on Thursday, August 9, 2018 at 9:30 a.m. ET.

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