



Responsible Care®  
Our commitment to sustainability.



**CHEMTRADE**

Business Update  
**JANUARY 2018**

Reliable operations. Reliable distributions.



# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this presentation 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. Forward-looking statements in this presentation describe the expectations of Chemtrade Logistics Income Fund (“Chemtrade”) 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 Chemtrade’s latest Annual Information Form and the “RISKS AND UNCERTAINTIES” section of Chemtrade’s most recent Management’s Discussion & Analysis. Although Chemtrade 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. Except as required by law, Chemtrade 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 with the securities regulatory authorities, available on [www.sedar.com](http://www.sedar.com).



**Unique portfolio  
providing growth and  
yield**



# CHEMTRADE OVERVIEW

- Worldwide provider of industrial chemicals and services
  - Primarily industrial inorganic chemicals
  - Electrochemicals
  - Water and specialty chemicals
  - Critical but non-core services to industrial users or producers of chemicals
- Significant market shares; competitive advantages in niche specialty chemicals
- Business model mitigates typical commodity risks



# CHEMTRADE LOCATIONS



# 4 PRONGED STRATEGY



**1**

## **Growth**

Increased size, scale and diversity of earnings



**2**

## **Business Model**

Mitigates Commodity Risks



**3**

## **Operational Excellence**

Ensures sustainable earnings through improved operations, assets and people



**4**

## **Financial Prudence**

Maintains distributions and balance sheet strength

# CHEMTRADE'S M&A TRACK RECORD

CHEMTRADE'S DEMONSTRATED ABILITY TO SUCCESSFULLY COMPLETE ACQUISITIONS

## CREATING A STRONGER, MORE RESILIENT BUSINESS



### SHS Operation

Leading North American supplier of Sodium Hydrosulphite

**2002**  
Dec



### Pulp Chemicals

Leading regional supplier of sodium chlorate, toll processor of CTO

**2003**  
Aug



### Peak Chemicals

Expanded sulphuric acid business, diversified end markets

**2005**  
Aug



### Marsulex

Increased presence in core products, expanded geographic reach and enhanced quality of earnings

**2011**  
Jun



### General Chemical

Further strengthened and expanded Chemtrade's platform

**2014**  
Jan



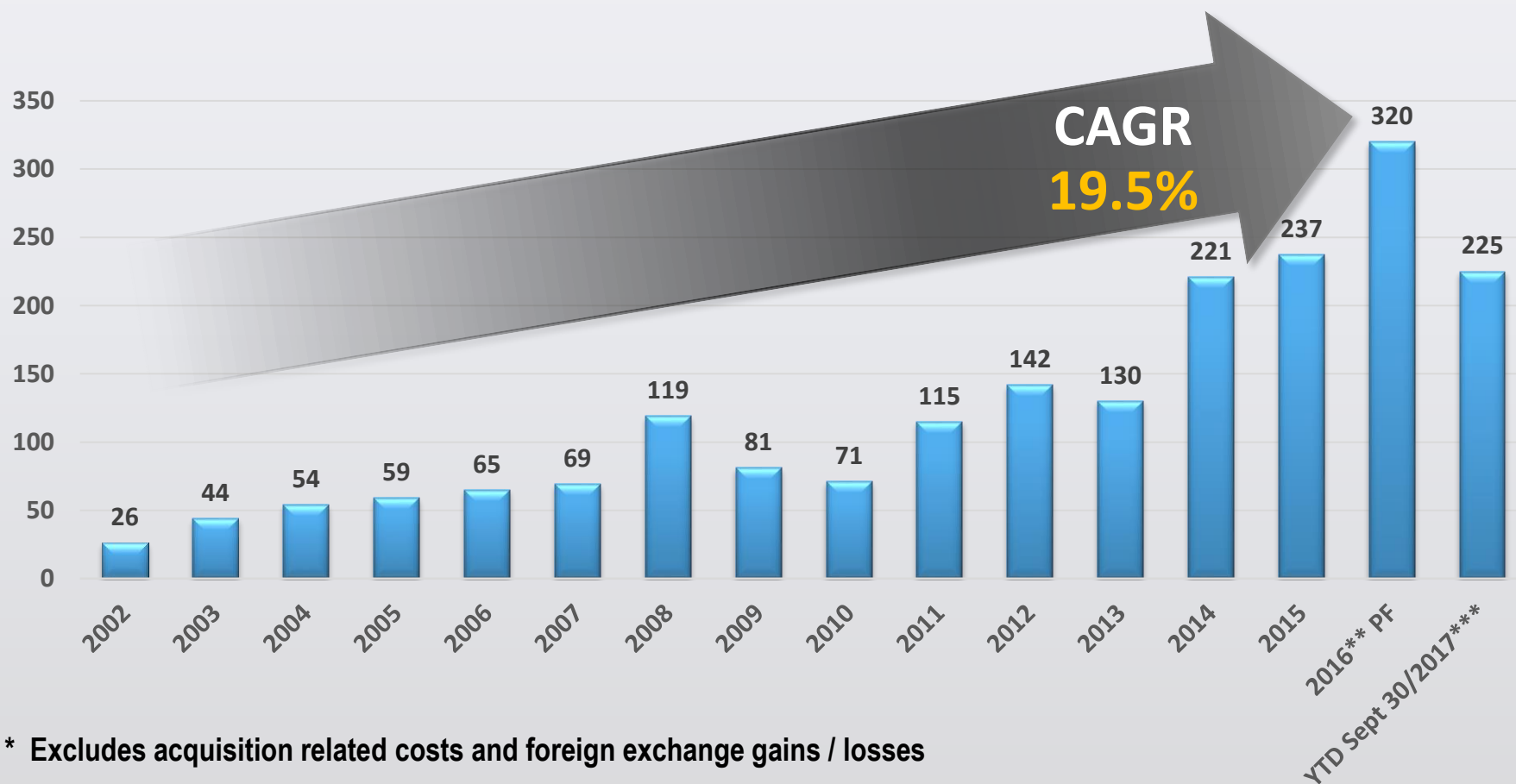
### Canexus

Expands sodium chlorate capabilities, diversification through chlor-alkali product portfolio and Brazilian platform

**2017**  
Mar

# SIGNIFICANT EBITDA\* GROWTH

(\$ Millions)



\* Excludes acquisition related costs and foreign exchange gains / losses

\*\* Includes Canexus (excluding synergies)

\*\*\* Includes Canexus from March 11, 2017



# DELIVERING SUPERIOR RETURNS

CHEMTRADE RELATIVE TO S&P / TSX COMPOSITE (IPO – DECEMBER 31, 2017)



# OPERATING REPORTING SEGMENTS

## SPPC

- Sulphuric Acid (regen, ultra pure, merchant) and other sulphur products

## WSSC

- Water Solution Chemicals (alum, PACl, ACH)
- Certain Specialties (KCl, sodium nitrite,  $P_2S_5$ )

## EC

- Sodium Chlorate and Chlor-alkali (caustic soda, HCl, chlorine)

# CANEXUS

ACQUISITION  
(March 2017)



SIZE AND SCALE

Increased revenues by approx. 50% on a pro forma basis

EBITDA

Increased by approx. 50% on a pro forma basis

# CANEXUS

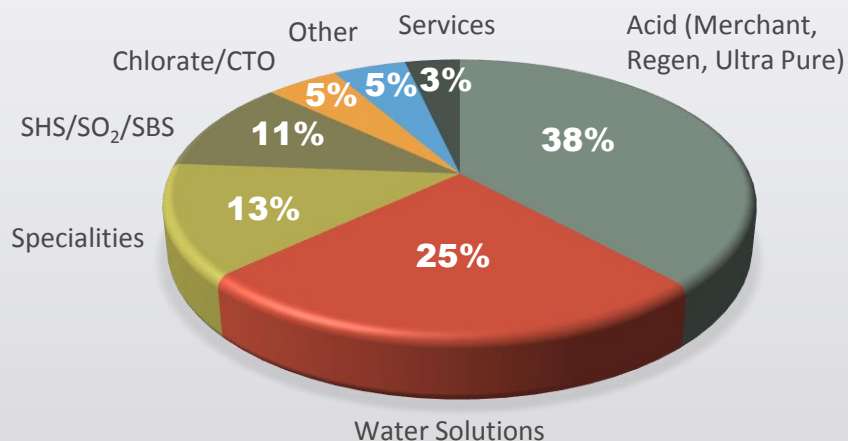
ACQUISITION



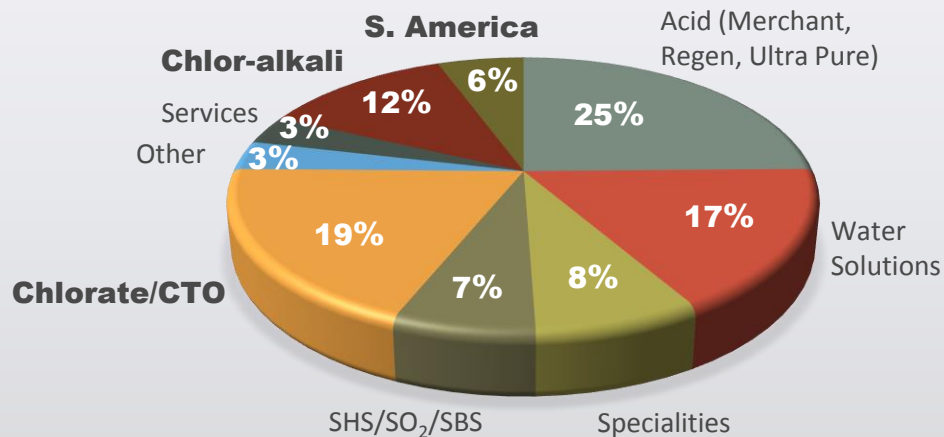
## DIVERSIFICATION

Significantly increased existing sodium chlorate revenue, added new chlor-alkali and South American product segments

CHEMTRADE LTM REVENUE



PRO FORMA LTM REVENUE



Note: LTM as of June 30, 2016





# CANEXUS

ACQUISITION

## SODIUM CHLORATE

Added substantial capacity

Brandon, Manitoba plant is considered one of the largest and lowest cost sodium chlorate facilities in the world

Now a significant North American supplier of sodium chlorate due to combined facilities of Brandon, Manitoba; Prince George, British Columbia and Beauharnois, Quebec





# CANEXUS

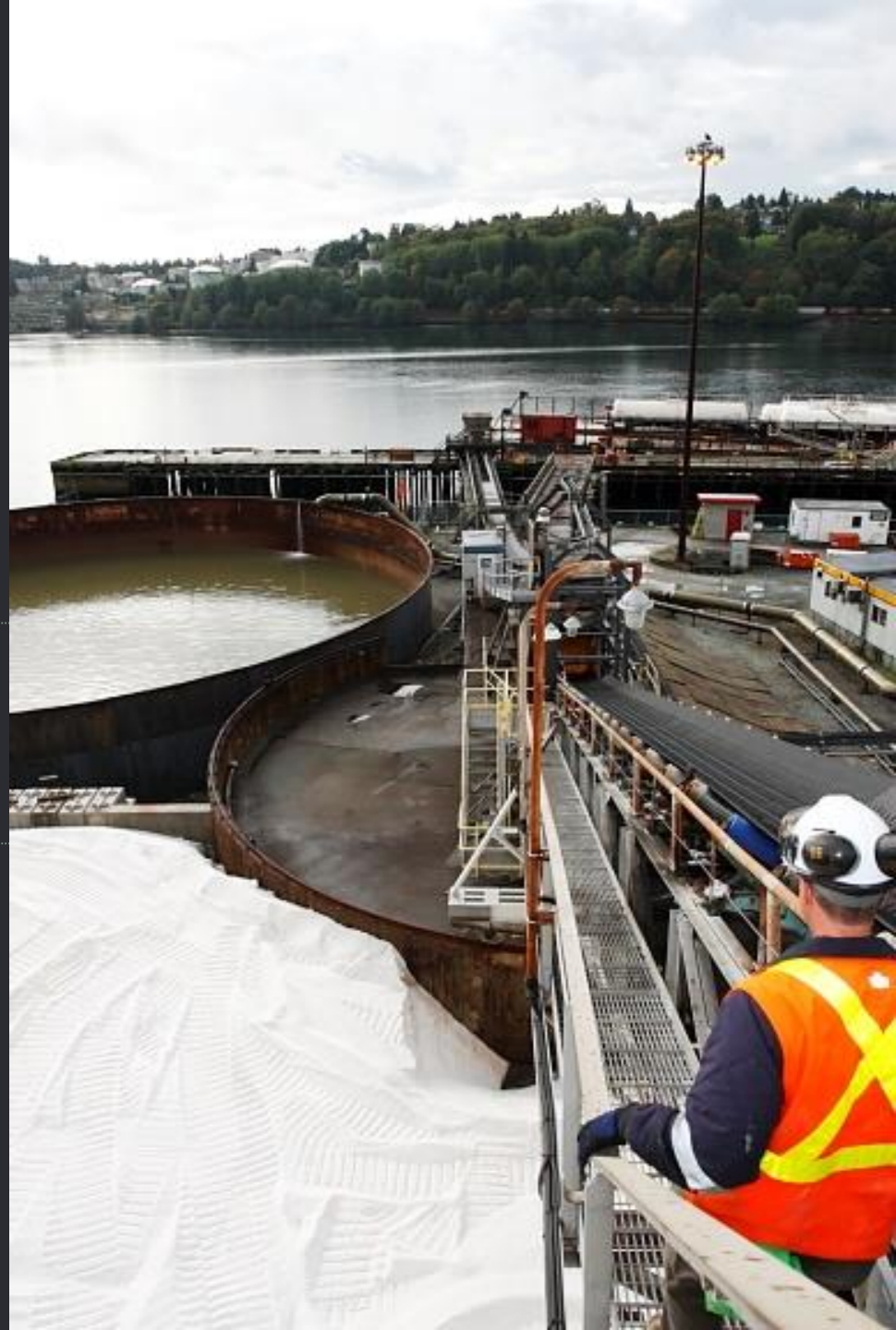
ACQUISITION

## CHLOR-ALKALI

Added new chlor-alkali products to our North American portfolio

North Vancouver plant produces caustic soda, chlorine, and hydrochloric acid

Much of the product is sold to new industries and end markets, further diversifying our earnings





# CANEXUS

ACQUISITION

## BRAZIL OPERATION

Produces both sodium chlorate and chlor-alkali at one facility

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Further diversifies earnings through new geographies and customers

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Majority of earnings derived from long-term fixed US\$ margin earnings contract



# BUSINESS MODEL FIT



## SULPHUR PRODUCTS AND PERFORMANCE CHEMICALS (SPPC)

Approx 60% of revenue  
based on risk shared  
contracts



## WATER SOLUTIONS AND SPECIALTY CHEMICALS (WSSC)

Wide diversity of  
sources of earnings  
  
Includes specialty  
chemicals with distinct  
barriers to entry



## ELECTROCHEMICALS (EC)

Three sources  
of earnings:

- NA sodium chlorate
- SA sodium chlorate  
and chlor-alkali
- NA chlor-alkali





# LISTED ON TSX (CHE.UN)

## BALANCE SHEET

(As at September 30, 2017)\*

**EQUITY** (92.6M units) **C \$1.8B**

### SENIOR SECURED CREDIT

(March 2022 maturity)

5 year term loan (fully drawn) **US \$325M**

### REVOLVING CREDIT FACILITY

Total **US \$525M**

Available **~ US \$380M**

### CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

Three series **C \$472M**

(Jun. 2021, Aug. 2023, Apr. 2024)

### CANEXUS DEBT:

Two series of convertible debentures **C \$158.5M**  
(Dec. 2020, Dec. 2021)

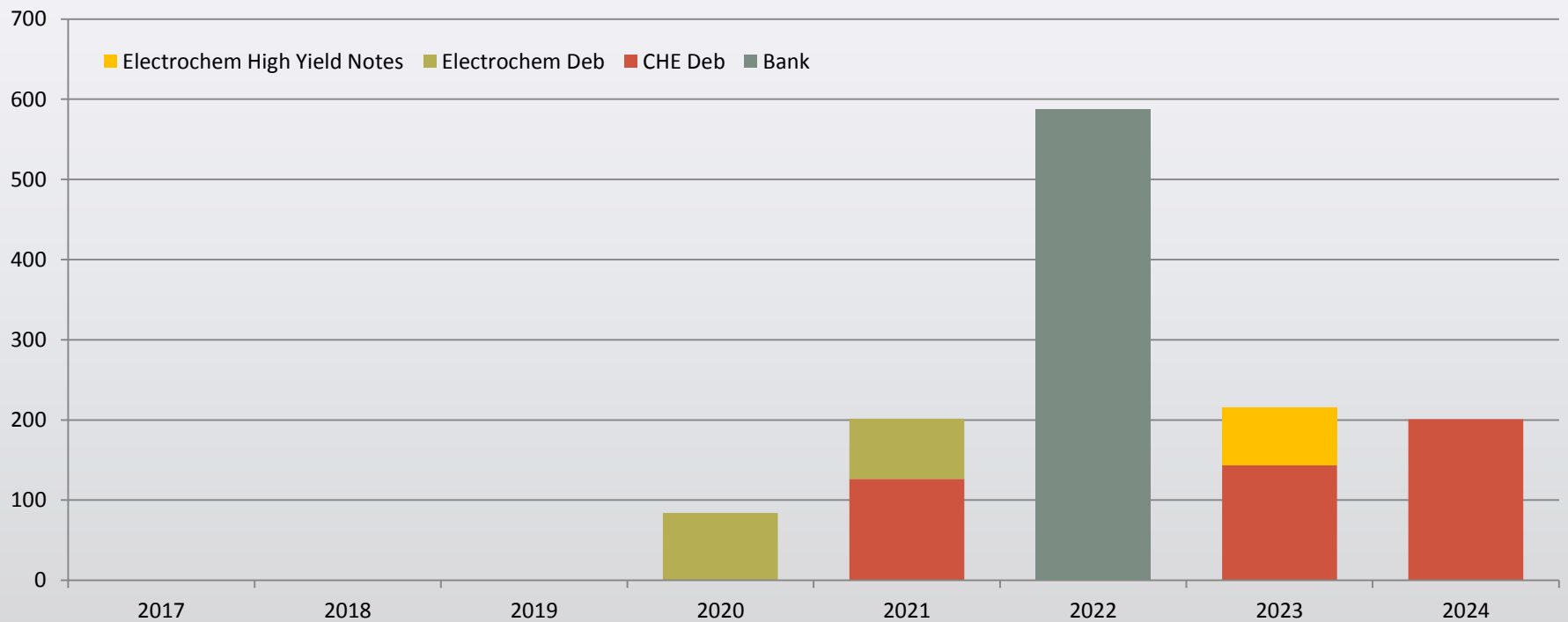
High yield notes (Sept. 2023) **C \$71.5M**

\* As adjusted for May debenture issuance and redemptions

# DEBT MATURITY



C\$M







# **SINCE OUR IPO WE HAVE:**

Diversified our product portfolio

Increased our geographic reach

Enhanced quality of earnings

Sustained distributions

Maintained balance sheet strength

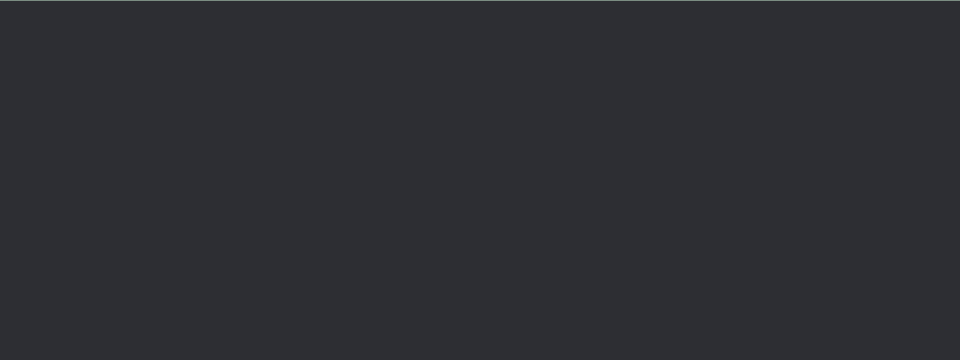




# BUSINESS ENVIRONMENT UPDATE



**CHEMTRADE**



# Q4 2017 UPDATE



- In Q3 2017 we estimated that aggregate SPPC / WSSC results for Q4 2017 would be similar to Q4 2016
- We recently updated our guidance as we expect aggregate EBITDA for these two segments will be about 20% below Q4 2016 levels
- We had expected strength in WSSC to offset some SPPC weakness, but that strength did not materialize:
  - ACH issues from earlier in 2017 persisted
  - Higher demand for KCL, sodium nitrite and  $P_2S_5$  did not come through (timing issue)





# BUSINESS ENVIRONMENT UPDATE

- Product Demand for all Core Products is Firm
  - Chlor-alkali ++
    - Can sell as much caustic as we can make; market looks firm for many years
  - Regen Acid ++
    - Industry running at high utilization rates
  - Ultra Pure Acid ++
    - Can sell as much ultra pure as we can make; opportunity for expansion
  - Merchant Acid +
    - Pricing adjusting to reduced supply
  - Sodium Chlorate +
    - Industry producing at high utilization rates
  - Water +
    - Increasing demand for ACH / PACI



# 2018 CHEMTRADE FACTORS

## SULPHURIC ACID

- Increase in our acid plant turnarounds (18 in 2018 vs. 13 in 2017)
- Vale Product Supply
  - 2018 < half historical product supply (approx. 350K MT)
  - 2019 forward expect 400K MT
- Reduction of 25% essentially EBITDA neutral; this larger increase should, in time, be offset by pricing increase but not instantaneous





# 2018 CHEMTRADE FACTORS

## ELECTROCHEM



- Important Vancouver turnaround in April
- Can sell as much caustic as the plant can make
- Chlorate industry will run at high utilization rates
- Starting Capex Spend to improve Brandon

# 2018 CHEMTRADE FACTORS

## WATER



- Need to line out ACH / PACI investments
  - Market there; need to realize on it
  - Some margin squeeze as raw materials (like acid) are up in price and some annual contracts prevent pass-through

# SUMMARY



- Business is solid and 2018 will be very good EBITDA year
- Re-organizing time / resources and capital on Core Businesses (Acid, EC, Water and Select Specialties)
- Pricing on Core Products should continue to improve as supply / demand facts work their way through the market