

## NEWS RELEASE

### CHEMTRADE LOGISTICS INCOME FUND REPORTS FIRST QUARTER 2021 RESULTS

**TORONTO, Ontario, May 10, 2021** – Chemtrade Logistics Income Fund (TSX: CHE.UN) today announced results for the three months ended March 31, 2021. The financial statements and MD&A will be available on Chemtrade’s website at [www.chemtradelogistics.com](http://www.chemtradelogistics.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Chemtrade President and Chief Executive Officer, Scott Rook, said, “We are beginning to see signs of improvement in several of our businesses. However, our operating results for the first quarter of 2021 continued to be affected by conditions caused by the COVID-19 pandemic, primarily non-essential travel restrictions that have impacted refinery production rates and the demand for regen acid, and reduced demand for paper, which affects demand for sodium chlorate, as significant numbers of people continue to work from home.”

Revenue for the first quarter of 2021 was \$312.4 million, a decrease of \$54.5 million from 2020. The revenue decrease was primarily due to lower sales volumes of regen acid, merchant sulphuric acid and Ultrapure sulphuric acid in the Sulphur Products and Performance Chemicals (“SPPC”) segment, lower sales volumes of sodium chlorate and lower selling prices for caustic soda in the Electrochemicals (“EC”) segment and lower sales volumes of water solutions products and of phosphorus pentasulphide in the Water Solutions and Specialty Chemicals (“WSSC”) segment. The stronger Canadian dollar relative to the US dollar had a negative impact on revenue of \$12.5 million.

Net loss for the first quarter of 2021 was \$20.4 million, compared with net loss of \$97.9 million in 2020. The decrease is primarily due to a goodwill impairment of \$56.0 million recorded during the first quarter of 2020, lower net finance costs in the first quarter of 2021 due to a lower loss from the change in the fair value of convertible unsecured subordinated debentures and lower unrealized foreign exchange loss. This was partially offset by lower income tax recovery.

Adjusted EBITDA<sup>(1)</sup> (“EBITDA”) for the first quarter of 2021 was \$55.4 million compared with \$80.9 million in the first quarter of 2020, which was relatively unaffected by the COVID-19 pandemic. The decrease for the three months ended March 31, 2021 is due to higher corporate costs and lower EBITDA generated by the operating segments. EBITDA for the first quarter was also negatively affected by approximately \$2.8 million due to the severe weather experienced through parts of the U.S. in February. EBITDA was negatively affected by \$2.6 million due to a stronger Canadian dollar experienced during the first quarter of 2021 relative to the first quarter of 2020.

Cash flows used in operating activities were \$6.4 million compared with cash flows generated from operating activities of \$30.3 million during the first quarter of 2020. Adjusted cash flow from operating activities<sup>(1)</sup> was \$26.1 million compared with \$49.3 million generated during the first quarter of 2020. Distributable Cash after maintenance capital expenditures<sup>(1)</sup> for the first quarter of 2021 was \$17.9 million or \$0.19 per unit compared with \$38.2 million or \$0.41 per unit in 2020.

In the first quarter of 2021, SPPC generated revenue of \$92.0 million compared with \$113.0 million in 2020, primarily due to lower sales volumes for acid products. EBITDA for the quarter was \$28.0 million, which was \$6.7 million lower than 2020. The stay-at-home orders and various other measures announced to curb travel resulted in fewer miles being driven in North America. This led to reduced demand for gasoline and in turn reduced demand for regen acid that is used in gasoline production. Lower levels of economic activity due to the COVID-19 pandemic resulted in reduced demand for merchant sulphuric acid. Although demand for these products during the first quarter of 2021 improved from the beginning of the pandemic, demand remained below pre-pandemic levels. Ultrapure acid sales volumes were also lower due to a major customer moving to another supplier. The estimated impact of the winter storm on EBITDA in the first quarter of 2021 was \$1.7 million and the stronger Canadian dollar had a negative impact of \$1.3 million

The WSSC segment reported first quarter revenue of \$98.8 million compared with \$113.3 million in 2020 primarily due to lower sales volumes of water solutions products and specialty chemicals as the severe weather experienced throughout parts of the U.S. disrupted operations and customers. Additionally, volumes for water solutions products were unusually high during the first quarter of 2020 when customers increased their inventory levels due to the onset of the pandemic. EBITDA was \$21.8 million compared with \$25.7 million generated in 2020. The estimated impact of the winter storm on EBITDA for the first quarter of 2021 was \$1.1 million and the stronger Canadian dollar had a negative impact of \$1.0 million.

The EC segment reported revenue of \$121.7 million for the first quarter of 2021, which was \$18.9 million lower than the same period of 2020. The lower revenue was due to lower sales volumes of sodium chlorate, a decrease of 14% in selling prices for caustic soda, and a decrease of 30% in selling prices for hydrochloric acid ("HCl"). EBITDA of \$27.2 million for the first quarter of 2021 was \$5.8 million lower than the same period of 2020. EBITDA during 2021 was negatively affected by lower sales volumes of sodium chlorate and lower chlor-alkali selling prices relative to 2020. The stronger Canadian dollar during the first quarter of 2021 had a negative impact of \$1.3 million.

Corporate costs during the first quarter of 2021 were \$21.5 million, compared with \$12.4 million in the first quarter of 2020. An increase in the value of Chemtrade's units in the first quarter of 2021 resulted in Long Term Incentive Plan and Deferred Unit Plan costs being \$11.1 million and \$2.4 million, respectively, higher relative to the first quarter of 2020. Also, corporate costs in the first quarter of 2021 included \$3.0 million related to the retirement of the former Chief Executive Officer.

During the first quarter of 2021, Chemtrade completed an equity offering of 9,800,000 units at a price of \$7.15 per unit, resulting in total gross proceeds of \$70.1 million. Proceeds from the offering were used to repay outstanding indebtedness under Chemtrade's existing credit facility and for general trust purposes.

Mr. Rook said, "While there are some encouraging signs that economic activity is improving, Chemtrade's performance for the first half of 2021 is likely to continue to be affected by lower demand for certain of our products impacted by the COVID-19 pandemic. Reduction in North American driving miles and the extent that people continue to work from home will have a direct relationship to sales volumes of regen acid and sodium chlorate. While we have not reinstated our Guidance, the Financial Outlook section of the first quarter MD&A has additional information on our Outlook.

"Finally, I would like to thank the Chemtrade employees for their hard work and dedication during the first quarter of 2021. We continue to operate our sites safely during these difficult times and that reflects the commitment of our employees."

### **Distributions & Distribution Reinvestment Plan**

Distributions declared in the first quarter totalled \$0.15 per unit, comprised of monthly distributions of \$0.05 per unit. In 2020, Chemtrade established a Distribution Reinvestment Plan that provides a way for unitholders to accumulate additional Chemtrade units without fees and currently includes a 3% bonus distribution.

### **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.

### **<sup>(1)</sup> Non-IFRS Measures**

*EBITDA and Adjusted EBITDA –*

Management defines EBITDA as net earnings before any deduction for net finance costs, income taxes, depreciation and amortization. Adjusted EBITDA also excludes other non-cash charges such as impairment, change in environmental liability, net gains and losses on the disposal and write-down of property, plant and equipment, 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 March 31</u>	
	2021	2020
Net loss	\$ (20,448)	\$ (97,875)
Add:		
Depreciation and amortization	62,393	63,917
Net finance costs	21,498	67,452
Income tax recovery	(8,596)	(21,121)
EBITDA	54,847	12,373
Add:		
Impairment of goodwill	-	56,000
Change in environmental liability	-	3,381
Net loss (gain) on disposal and write-down of property, plant and equipment	151	(482)
Unrealized foreign exchange loss	430	9,608
Adjusted EBITDA	\$ 55,428	\$ 80,880

**Segmented information**

**SPPC -**

(\$'000)	<u>Three months ended March 31</u>	
	2021	2020
Revenue	\$ 91,967	\$ 113,022
Gross profit	7,223	14,461
Adjusted EBITDA	27,971	34,632
Net (loss) gain on disposal and write- down of property, plant and equipment	(12)	49
EBITDA	\$ 27,959	\$ 34,681

**WSSC -**

Three months ended March 31

(\$'000)		2021	2020
Revenue	\$	98,786	\$ 113,338
Gross profit (loss)		13,811	(42,370)
Adjusted EBITDA		21,803	25,706
Impairment of goodwill		-	(56,000)
Change in environmental liability		-	(3,381)
Net (loss) gain on disposal and write-down of property, plant and equipment		(82)	457
EBITDA	\$	21,721	\$ (33,218)

**EC -**

(\$'000)		Three months ended March 31	
		2021	2020
North American sales volumes:			
Sodium chlorate sales volume (000's MT)		92	102
Chlor-alkali sales volume (000's MECU)		41	36
Revenue	\$	121,687	\$ 140,541
Gross (loss) profit		(105)	6,853
Adjusted EBITDA		27,177	32,933
Net loss on disposal and write-down of property, plant and equipment		(57)	(24)
EBITDA	\$	27,120	\$ 32,909

*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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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	
		2021	2020

Cash flow (used in) from operating activities	\$	(6,396)	\$	30,321
Add (Less):				
Lease payments net of sub-lease receipts		(13,028)		(13,795)
Changes in non-cash working capital and other items		45,495		32,748
<b>Adjusted cash flows from operating activities</b>		<b>26,071</b>		<b>49,274</b>
Less:				
Maintenance capital expenditures		8,187		11,043
<b>Distributable cash after maintenance capital expenditures</b>		<b>17,884</b>		<b>38,231</b>
Less:				
Non-maintenance capital expenditures		582		746
<b>Distributable cash after all capital expenditures</b>	<b>\$</b>	<b>17,302</b>	<b>\$</b>	<b>37,485</b>

### 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 impact of COVID-19 pandemic, including the expected reduced demand for certain products and relationship of driving miles and working from home to regen acid and sodium chlorate sales volumes. 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](http://www.sedar.com).

A conference call to review the first quarter 2021 results will be webcast live on Tuesday, May 11, 2021 at 8:30 a.m. ET. To access the webcast [click here](#).

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