



CHEM TRADE



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BUSINESS UPDATE | AUGUST 2021



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 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.

One of the non-IFRS measures referred to in this presentation is Adjusted EBITDA, which is EBITDA modified to exclude only non-cash items such as unrealized foreign exchange gains and losses. For simplicity, the presentation will just refer to it as EBITDA as opposed to Adjusted EBITDA. Both these terms are fully defined in our MD&A.





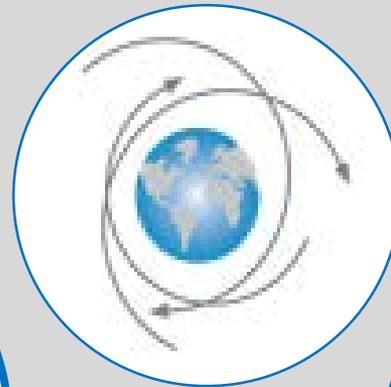




Electrochemicals (EC)
Three sources of earnings:
NA sodium chlorate
NA chlor-alkali
SA sodium chlorate & chlor-alkali



Sulphur Products & Performance Chemicals (SPPC)
Approximately 60% of revenue based on risk-shared contracts



Water Solutions & Specialty Chemicals (WSSC)
Wide diversity of earnings include Specialty Chemicals with distinct barriers to entry

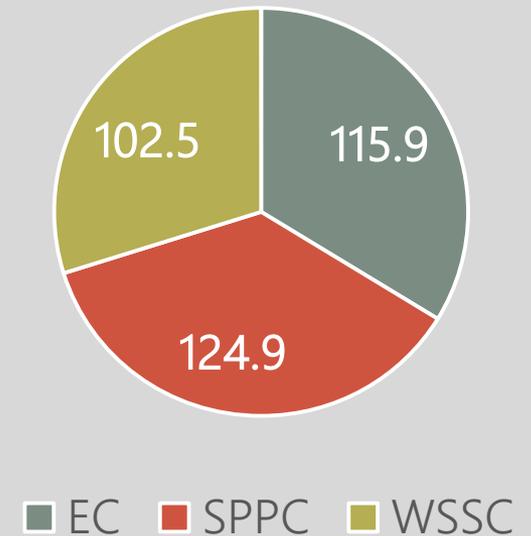






	C\$ MILLIONS
Adjusted EBITDA	265.3
Maintenance Capex	74.4
Lease Payments	56.0
Cash Interest	68.6
Cash Taxes	7.3
Distributable Cash	59.0
DCPU	\$0.64

EBITDA





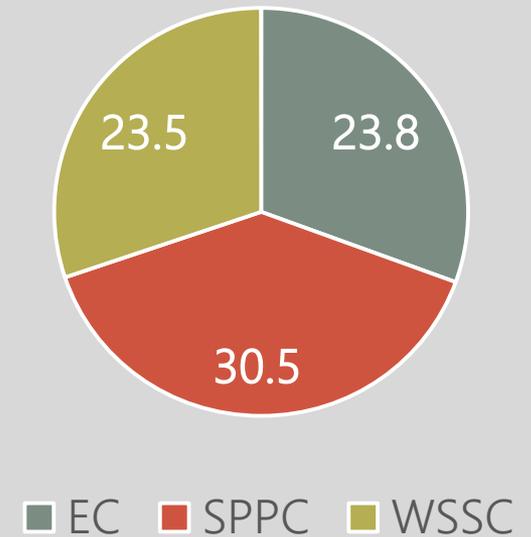
- SPPC 2020 EBITDA was \$35.8 million lower than 2019:
 - Regen affected by travel restrictions and reduced driven miles (resulting from COVID-19 Pandemic)
 - Merchant acid affected by lower economic activity
- EC 2020 EBITDA was \$55.5 million lower than 2019:
 - NE Asia caustic remained low as Chlorine demand increased
 - HCl demand affected by reduced oil demand and lower fracking
- Partially offset by WSSC, which had a \$24.6 million improvement over 2019 (Water Solutions margins expanded – stable volume, higher prices and lower costs)





	C\$ MILLIONS
Adjusted EBITDA	65.2
Maintenance Capex	15.6
Lease Payments	12.7
Cash Interest	16.5
Cash Taxes	(0.8)
Distributable Cash	21.2
DCPU	\$0.21

EBITDA





- SPPC Q2 2021 EBITDA was \$1.1 million lower than Q2 2020:
 - Higher sales volume for Regen, higher selling prices for both Regen and Merchant acid
 - Ultrapure acid impacted by lower sales volume
 - Merchant acid continued to be affected by lower economic activity
 - Negatively affected by the stronger Canadian dollar (\$3.3 million)
- EC Q2 2021 EBITDA was \$10.9 million lower than Q2 2020:
 - Negatively affected by the strong Canadian dollar (\$4.2 million)
 - NE Asia caustic remained low
 - Lower sales volumes and selling prices for sodium chlorate
 - Improved demand for HCl and chlorine
- WSSC Q2 2021 EBITDA was \$3.7 million lower than Q2 2020:
 - Higher sales volumes and higher selling prices for water solutions products
 - Negatively affected by the stronger Canadian dollar (\$1.3 million)





- EBITDA - \$245-\$260 million
- Maintenance Capex - \$72-\$77 million
- Lease Expense - \$50-\$55 million
- Cash Interest - \$65-\$70 million
- Cash Taxes - \$4-\$8 million





Key Assumptions	2021 Assumption	2020 Actuals
Approximate North American MECU production volume	~185K	~140K
2021 average IHS NE Asia Caustic price index being higher per tonne than the 2020 average	↑ US\$10	N/A
North American production volume of sodium chlorate	~365KT	~375KT
There will be no North American lockdowns or stay at homes issued due to a resurgence of COVID-19 for the remainder of 2021		
None of the principal manufacturing facilities (as set out in Chemtrade's AIF) incurs significant unplanned downtime		
Vale's smelting operation in Sudbury, Ontario resumes normal operations by the beginning of September, negatively impacting EBITDA by \$5-\$10 million		
2021 average foreign exchange rate of US\$1 = CA\$1.234		





- Caustic Soda Price
 - change of US\$50/metric tonne = US\$10.5 million
- Sodium Chlorate Price
 - change of \$50/metric tonne = \$18.3 million
- CA\$/US\$ exchange rate
 - change of 1-cent = \$1.8 million
 - since bank debt is in USD, change of 1-cent changes debt by \$5.4 million so 3.0X EBITDA change







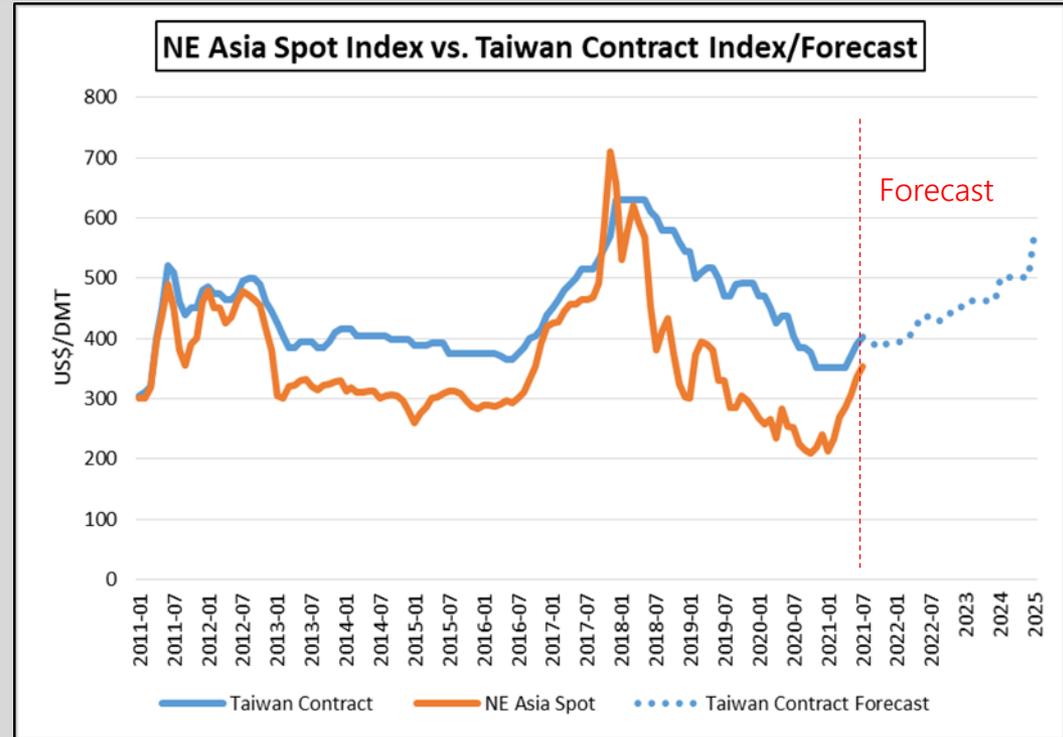
- Chemtrade's Long Term Strategy is to deliver sustained earnings growth and reward investors. This will be accomplished by three primary factors:
 - Market / COVID-19 Recovery
 - Organic Growth – for next 2-3 years
 - Operational Efficiencies - Productivity and Reliability
- Resulting in improvement to our balance sheet, and shareholder gains
- Additionally, Chemtrade will be a leading example for Corporate ESG Responsibility





Caustic Soda:

- The 'trough' is behind us and market fundamentals improving
- Market analysts are bullish mid to long term
- Demand continues to grow, minimal new supply:
 - Aluminum
 - Lithium Ion Batteries
- Expect Taiwan contract prices to rise, AND expect the gap between Spot and Contract prices to shrink
- If NE Asia spot price for caustic remains at US\$ 350/t flat through 2022, roughly \$20 million improvement over 2021.



Every US\$50/to increase in Caustic Pricing is worth US\$10.5 million





HCl

- Demand and pricing should continue to improve from extremely weak in 2020 as oil recovers and additional fracking activity picks up – particularly Western Canada

Chlorine

- Demand and pricing should improve. Strong demand for PVC and bleach products coupled with capacity rationalization in the US

Long Term Market Demand

2018:	Oil WTI:	\$65/bbl
	US & Can Rigs:	1,200
2020:	Oil WTI:	\$39/bbl
	US & Can Rigs:	522
Q2 2021:	Oil WTI:	\$65/bbl
	US & Can Rigs:	530

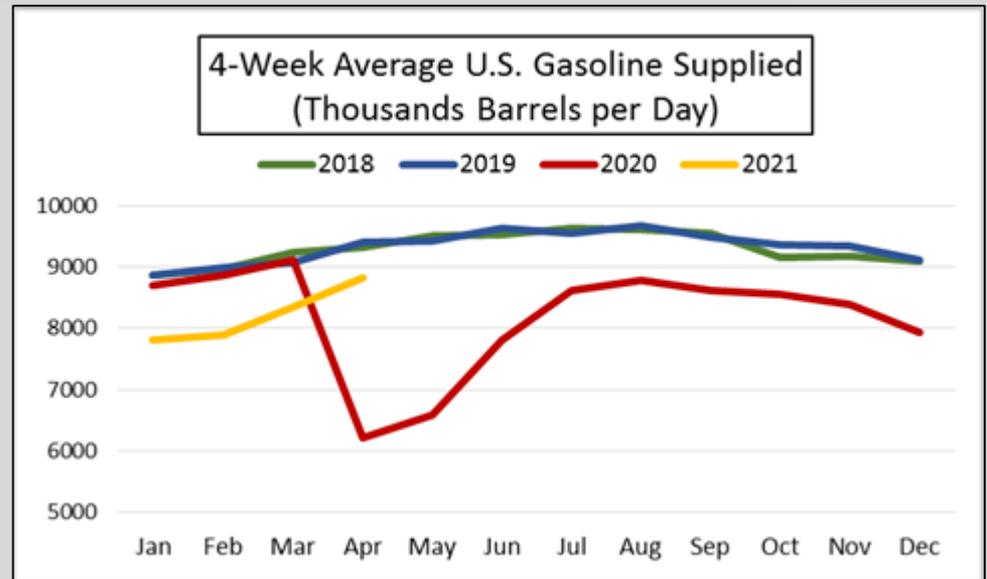
Source: Baker Hughes Rig Count





Regen Acid:

- Expect recovery in refinery utilization rates as travel restrictions are lifted and miles driven increases across the US and Canada
- US weekly 'miles driven' has been steadily increasing since February 2021
- Refining rates should pick up in 2021 and 2022 and then remain generally steady



Source: EIA Annual Energy Outlook 2021







- Increased Semiconductor demand driven by consumer electronics, IoT, and greater digitalization of autos
- Investments are happening in the US - TSMC, Samsung, & Intel. Biden Administration investing \$50 Billion for chip production in the U.S.
- Technology moving to smaller node sizes (5-7nm) will require higher quality wet cleaning materials
- U.S. Ultrapure acid demand exceeds domestic supply
- Short-term headwinds due to a shift in customer mix. Expect to regain lost volume in 18-24 months

Global Semiconductor Market



Source: International Business Strategies





- Alum demand is flat / stable
- PAC/ACH demand is >5%/year
- Increasing regulations support greater market demand for coagulants across North America
- Margins should remain stable (short-term higher raw materials, but offset with higher prices)
- Organic growth opportunities:
 - Expanded Capacity PAC/ACH
 - New Specialized products
- Could consider smaller acquisitions in the future when our balance sheet improves

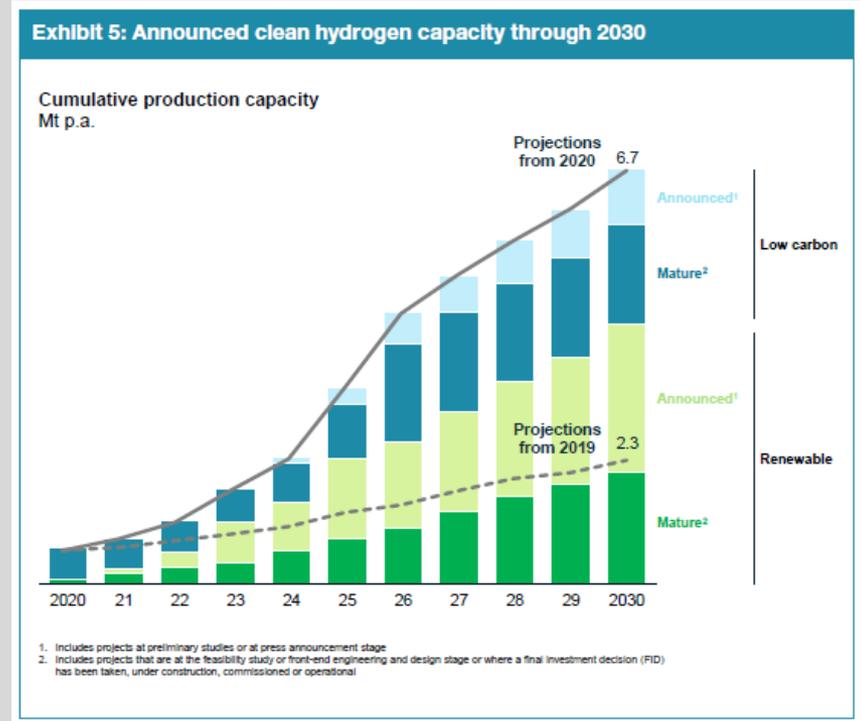
Water Coagulant Market Demand

Municipal Drinking Water:	1-2% pa
Waste Water:	4-5% pa
Poultry Treatment:	10% pa
Pulp & Paper	-3% pa





- Our Sodium Chlorate and to a lesser extent, Chlor-alkali manufacturing process generates hydrogen
- Our plants use hydro-electric power – so we generate 'Green Hydrogen'
- Announced a deal for one of our small Chlorate Plants in Prince George, BC – limited returns for first five years and then more significant
- Big opportunity for the Brandon, Manitoba facility as that's five times the size of the Prince George facility
- Important from an ESG perspective and financial return



Source: Hydrogen Insights Report 2021 – Hydrogen Council, McKinsey & Company







Operational Efficiencies Productivity and Reliability

- Launched both Productivity and Reliability initiatives in 2020
- Targeting to achieve ~ \$10 M in savings each year which will help to offset annual inflation
- Black and Green Belts leading projects using Lean Six Sigma Tools
- Implemented real time reporting of Availability and OEE data in order to focus on critical equipment for on-stream improvement
- Implementing maintenance excellence work process across the businesses
- Leveraging best practices/technology to improve performance, e.g. low cost on-stream vibration detection/monitoring and drone tank inspections



Building a Culture of Continuous Improvement





Approach and disclosure aligned to the four pillars of the Task Force on Climate Related Financial Disclosures (TCFD):

- Governance (Board and Management)
- Strategy
- Risk Management
- Metrics and Targets

We reviewed the Sustainability Accounting Standards Board's (SASB) metrics for the Chemical industry. In 2020, we conducted a materiality assessment to identify the sustainability topics that are most likely to affect the financial or operating performance of Chemtrade. The assessment was modelled after a five-factor test developed by the Sustainability Accounting Standards Board (SASB).





- We are developing company-wide tracking systems in 2021. Targets will be set and integrated into long-term strategic plans for the following:
 - **Environmental:**
 - Greenhouse gas (GHG) and other air emissions
 - Industrial and hazardous waste management
 - Energy management
 - **Social:**
 - Workforce health and safety
 - Operational safety, emergency preparedness and response
 - Employee engagement and diversity and inclusion
 - **Governance:**
 - Corporate governance and business ethics
 - Management of legal and regulatory environment
 - governance of environmental and social issues





- In 2020, 96% of the electricity used at our 17 largest facilities was generated from renewable hydroelectric sources.
- Sale of hydrogen to Hydra Energy will reduce carbon dioxide equivalent (CO₂e) emissions by 10% of our total CO₂ emissions (equivalent to the emissions from North Vancouver, our largest Canadian site) and will contribute over \$5 million in margin annually by 2028.
- Over 75% of our industrial waste is high clay alumina (HCA). In 2020, we repurposed 27% and reduced landfill costs. We are pursuing projects to repurpose an additional 30%.
- In 2020, employee injury frequency (excluding COVID-19) was at a seven-year low
- Employee retention rate in 2020 was 86.6%.
- Of the six members on our senior leadership team, two (33%) are women, and one (16.7%) is a visible minority.





- Earnings Growth Driven by:
 - Market / COVID-19 Recovery
 - Organic growth
 - Ultrapure acid
 - Water
 - Hydrogen
 - Productivity and Reliability
 - And, be a leading example for Corporate ESG Responsibility

Conclusion

