

NEWS RELEASE

CHEMTRADE LOGISTICS INCOME FUND REPORTS THIRD QUARTER 2021 RESULTS

TORONTO, Ontario, November 10, 2021 – Chemtrade Logistics Income Fund (TSX: CHE.UN) today announced results for the three months ended September 30, 2021. 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 for the third quarter of 2021 was \$365.0 million, which was \$19.2 million higher than the third quarter of 2020. The increase in revenue for the third quarter was primarily due to the higher sales volume and selling prices for chlor-alkali products, partially offset by the stronger Canadian dollar (\$15.2 million).

The Canadian dollar relative to the U.S. dollar was significantly stronger during the three months ended September 30, 2021 (US\$1.00 = \$1.26) compared with the same period of 2020 (US\$1.00 = \$1.33). This had a negative impact on the financial results in the third quarter of 2021.

Adjusted EBITDA⁽¹⁾ (“EBITDA”) for the third quarter of 2021 was \$67.3 million, which was \$2.6 million higher than the third quarter of 2020. The increase in EBITDA for the three months ended September 30, 2021 was primarily due to stronger business results, partially offset by higher corporate costs of \$5.6 million and the stronger Canadian dollar (\$4.3 million).

Cash flows from operating activities in the third quarter of 2021 were \$81.4 million, which was a decrease of \$10.4 million compared with the same period in 2020. This was primarily due to changes in working capital.

Distributable Cash after maintenance capital expenditures⁽¹⁾ for the third quarter of 2021 was \$19.3 million or \$0.19 per unit compared with \$12.1 million or \$0.13 per unit in 2020.

For the nine months ended September 30, 2021, Distributable Cash after maintenance capital expenditures was \$58.4 million, or \$0.58 per unit compared with \$82.0 million, or \$0.89 per unit in 2020.

Revenue for the first nine months of 2021 was \$1.0 billion (2020: \$1.1 Billion). EBITDA was \$187.8 million (2020: \$221.1 million). Adjusted cash flows from operating activities were \$97.8 million (2020: \$122.4 million).

In the third quarter of 2021, the Sulphur Products and Performance Chemicals (“SPPC”) segment generated revenue of \$109.2 million, which was \$3.9 million higher compared to the same period in 2020. The increase in the third quarter of 2021 was primarily due to higher selling prices for sulphur products and merchant and regen acid, partially offset by lower sales volume of acid products and the impact of the stronger Canadian dollar (\$5.1 million). EBITDA for the quarter was \$33.5 million, which was \$2.5 million higher than 2020. Chemtrade’s largest by-product sulphuric acid supplier, Vale, experienced a work stoppage starting June 1, 2021 and resumed production towards the end of the third quarter. This had an impact on results for the third quarter of 2021 of approximately \$6.0 million.

The Water Solutions and Specialty Chemicals (“WSSC”) segment reported third quarter revenue of \$119.4 million, which was \$0.4 million lower than the same period in 2020. The decrease in the third quarter of 2021 was primarily due to the stronger Canadian dollar which had a negative impact of \$5.7 million on revenues and lower sales volume for water products, partially offset by higher selling prices for water products. EBITDA for the quarter was \$25.7 million, which was \$3.5 million lower than 2020. The lower EBITDA was primarily due to significant increases in the cost of raw materials and the impact of the stronger Canadian dollar, partially offset by higher selling prices for water solutions products than the same period of 2020.

The Electrochemicals (“EC”) segment reported revenue of \$136.4 million for the third quarter of 2021, which was \$15.7 million higher than the same period of 2020. The higher revenue in the third quarter of 2021 was primarily due to higher sales volume and selling prices for chlor-alkali products and higher sales volume of sodium chlorate, partially offset by the impact of the stronger Canadian dollar (\$4.4 million) and lower selling prices for sodium chlorate. EBITDA for the third quarter of 2021 was \$33.7 million, which was \$9.2 million higher than the same period of 2020. EBITDA during 2021 was higher due to higher sales volume and selling prices for chlor-alkali products and higher sales volume of sodium chlorate, partially offset by the impact of the stronger Canadian dollar (\$2.3 million).

Corporate costs during the third quarter of 2021 were \$25.7 million, compared with \$20.1 million in the third quarter of 2020. The increase in corporate costs during the third quarter of 2021 was primarily due to \$6.7 million higher long term incentive plan (LTIP) costs. This was partially offset by reduced discretionary spending in the third quarter of 2021 relative to 2020.

Subsequent to the end of third quarter of 2021, Chemtrade closed the sale of its specialty chemicals business for US \$ 155.0 million and used the net proceeds to reduce bank debt. This reduces Chemtrade’s senior Debt:EBITDA ratio by approximately 0.7 times.

Scott Rook, President and CEO said, “For two consecutive quarters now we have seen improving business performance. We are pleased with this momentum and remain encouraged by the higher pricing we are seeing in the chlor-alkali markets and the recovery in refinery utilization rates. We continue to face headwinds from the appreciation of the Canadian dollar relative to the US dollar and higher raw material costs but are optimistic as we look forward to the continued economic recovery”.

Mr. Rook also remarked, “We previously mentioned that demand for ultrapure sulphuric acid, which is used by the semiconductor industry, is expected to experience significant growth. Our Board has approved a capacity expansion of approximately 60% at our Cairo, OH, ultrapure sulphuric acid facility. The expansion will include an upgrade in the quality of the existing capacity at this plant. This is the first step in our expansion plans aimed at participating more fully in this fast-growing market. We expect to leverage the enhanced quality capability being developed at the Cairo plant to additional capacity expansions in the U.S.”

Distributions & Distribution Reinvestment Plan

Distributions declared in the third quarter totalled \$0.15 per unit, comprised of monthly distributions of \$0.05 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, 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, 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 September 30</u>		<u>Nine months ended September 30</u>	
	2021	2020	2021	2020
Net loss	\$ (20,159)	\$ (48,318)	\$ (54,685)	\$ (141,694)
Add:				
Depreciation and amortization	56,590	64,640	179,554	197,566
Net finance costs	18,657	46,121	59,277	116,279
Income tax expense (recovery)	8,248	(17,627)	(6,963)	(32,626)
EBITDA	63,336	44,816	177,183	139,525
Add:				
Impairment of goodwill	-	-	-	56,000
Change in environmental liability	-	-	-	3,743
Net (gain) loss on disposal and write-down of property, plant and equipment	(132)	19,829	423	19,360
Unrealized foreign exchange loss	4,049	5	10,239	2,430
Adjusted EBITDA	\$ 67,253	\$ 64,650	\$ 187,845	\$ 221,058

Segmented information

SPPC -

(\$'000)	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	2021	2020	2021	2020
Revenue	\$ 109,231	\$ 105,351	\$ 306,391	\$ 322,333
Gross profit (loss)	17,601	(8,298)	36,179	15,657
Adjusted EBITDA	33,494	31,041	91,957	97,287
Net (loss) gain on disposal and write-down of property, plant and equipment	(76)	(18,949)	(320)	(18,932)
EBITDA	\$ 33,418	\$ 12,092	\$ 91,637	\$ 78,355

WSSC -

(\$'000)	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	2021	2020	2021	2020
Revenue	\$ 119,383	\$ 119,789	\$ 326,761	\$ 346,583
Gross profit (loss)	19,176	19,195	48,099	(6,220)
Adjusted EBITDA	25,734	29,199	71,051	82,145
Impairment of goodwill	-	-	-	(56,000)
Change in environmental liability	-	-	-	(3,743)
Net gain (loss) on disposal and write-down of property, plant and equipment	291	(894)	15	(437)
EBITDA	\$ 26,025	\$ 28,305	\$ 71,066	\$ 21,965

EC -

(\$'000)	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	2021	2020	2021	2020
North American sales volumes:				
Sodium chlorate sales volume (000's MT)	91	87	274	283
Chlor-alkali sales volume (000's MECU)	52	42	138	111
Revenue	\$ 136,389	\$ 120,710	\$ 381,561	\$ 391,369
Gross profit (loss)	8,231	(3,508)	5,926	9,518
Adjusted EBITDA	33,706	24,509	84,644	91,177
Net (loss) gain on disposal and write-down of property, plant and equipment	(83)	14	(118)	9
EBITDA	\$ 33,623	\$ 24,523	\$ 84,526	\$ 91,186

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)	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	2021	2020	2021	2020
Cash flows from operating activities	\$ 81,360	\$ 91,728	\$ 125,810	\$ 188,962
Add (Less):				
Lease payments net of sub-lease receipts	(13,100)	(14,256)	(38,799)	(42,418)
Changes in non-cash working capital and other items	(33,358)	(48,030)	10,776	(24,109)
Adjusted cash flows from operating activities	34,902	29,442	97,787	122,435
Less:				
Maintenance capital expenditures	15,589	17,346	39,359	40,444
Distributable cash after maintenance capital expenditures	19,313	12,096	58,428	81,991
Less:				
Non-maintenance capital expenditures	5,714	743	7,270	2,283
Distributable cash after all capital expenditures	\$ 13,599	\$ 11,353	\$ 51,158	\$ 79,708

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: expected growth in ultrapure sulphuric acid demand, the expected scope of the Cairo facility expansion and our ability to leverage ultrapure quality capability at additional US capacity expansions. 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.

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 third quarter 2021 results will be webcast live on Thursday, November 11, 2021 at 9:30 a.m. ET. To access the webcast [click here](#).

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