



**CHEM TRADE**



Responsible Care<sup>®</sup>  
Our commitment to sustainability



**2022**

**INVESTOR PRESENTATION | August 2022**

## 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](http://www.sedar.com).

One of the 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. Non-IFRS and other financial measure are fully defined in our MD&A.

- Chemtrade operates a diversified business providing industrial chemicals and services to customers in North America and around the world
- Significant regional market share across products
- Defensive product portfolio and business model, focused on size, scale and diversity of earnings
- Diverse end-markets served including Energy, Pulp & Paper, Water Treatment, Semiconductor Manufacturing and other industrial and consumer end-markets
- Approximately 1,400 employees across 60+ locations
- Listed on the TSX since 2001



<b>Unit Price <sup>(1)</sup></b>	<b>\$8.65</b>
<b>Market Capitalization <sup>(1)(2)</sup></b>	<b>\$994.4 million</b>
<b>Enterprise Value <sup>(1)(2)</sup></b>	<b>\$2.0 billion</b>
<b>Net Debt / Adjusted EBITDA <sup>(3)</sup></b>	<b>3.2x</b>
<b>Distribution / Yield (Annualized) <sup>(1)</sup></b>	<b>\$0.60 per share / 6.9%</b>
<b>LTM Payout Ratio <sup>(3)</sup></b>	<b>47%</b>



(1) As of August 18, 2022.

(2) Pro-forma \$86.5 million bought deal equity offering of 10.0 million trust units (including over-allotment), closed on August 22, 2022.

(3) Payout Ratio and Net Debt / Adjusted EBITDA are non-IFRS ratios and shown as of the end of Q2 2022. After giving effect to the August 2022 equity issuance, including the exercise of the over-allotment, Net Debt / Adjusted EBITDA would be lower by approximately 0.2x. See Appendix for more information.

<b>Size, Scale and Diversity of Earnings</b>	<ul style="list-style-type: none"> <li>▪ Extensive product portfolio offers diversified exposure to industrial and consumer end-markets</li> <li>▪ Exposure to strong chlor-alkali backdrop and robust industrial activity</li> <li>▪ Benefitting from global supply dislocations caused by geopolitical conflicts</li> </ul>
<b>Market Leadership</b>	<ul style="list-style-type: none"> <li>▪ Significant regional market share across products</li> </ul>
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<b>Compelling Growth</b>	<ul style="list-style-type: none"> <li>▪ Compelling organic growth opportunities across the business offer significant growth potential in the coming years (Ultrapure acid; Green Hydrogen; Water Chemicals; Productivity and Reliability initiatives)</li> </ul>
<b>Improving Balance Sheet</b>	<ul style="list-style-type: none"> <li>▪ Significantly strengthened balance sheet (3.2x Net Debt / Adjusted EBITDA <sup>(2)</sup>) offers improved financial flexibility</li> <li>▪ Continue to focus on balance sheet improvement and prudent capital allocation</li> </ul>
<b>Attractive and Sustainable Distribution</b>	<ul style="list-style-type: none"> <li>▪ 6.9% distribution yield (annualized) <sup>(1)</sup></li> <li>▪ LTM payout ratio of 47%; Implied 2022 payout ratio of ~40% at midpoint of guidance <sup>(2)</sup></li> </ul>
<b>ESG</b>	<ul style="list-style-type: none"> <li>▪ 2025 ESG targets positioning Chemtrade to be an industry-leader on ESG</li> </ul>

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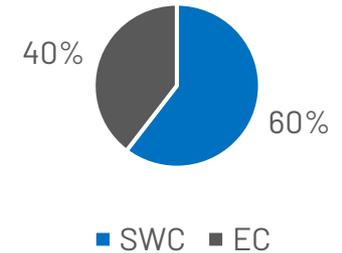




## Sulphur and Water Chemicals(SWC)

- Manufactures and markets sulphur-based products, water treatment products, and specialty chemicals.
- One of North America’s largest suppliers of industrial sulphuric acid, including Regen acid for the petroleum industry and Ultrapure acid for the semiconductor manufacturing sector.
- One of North America’s largest suppliers of inorganic coagulants for water treatment, serving a diverse customer base including industrial markets and municipalities.

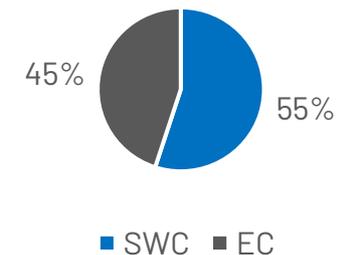
LTM Revenue



## Electrochemicals(EC)

- Manufactures and markets sodium chlorate and chlor-alkali products.
- A leading supplier of sodium chlorate in Canada, primarily for the pulp and paper industry.
- A leading regional supplier of chlor-alkali products for diverse industrial end-markets.
- Operates Brazilian electrochemicals plant, supported by a long-term contract with Suzano

LTM Adjusted EBITDA\*



\*excluding corporate costs

Key Products	Primary End-Uses	Competitive Advantages	Key Competitors
<b>Regen sulphuric acid</b>	Gasoline production	<ul style="list-style-type: none"> <li>Largest facilities are closely connected to customers (connected via pipeline at most facilities)</li> </ul>	Ecoservices; Veolia North America; PVS Chemical Solutions Inc.
<b>Ultrapure sulphuric acid</b>	Semiconductor manufacturing	<ul style="list-style-type: none"> <li>North America's leading producer of ultrapure acid</li> </ul>	PVS Chemical Solutions Inc; Imports from overseas
<b>Merchant sulphuric acid</b>	Wood pulp; industrial chemicals; automobile batteries; steel production; water treatment; mining	<ul style="list-style-type: none"> <li>One of North America's top three marketers of sulphuric acid</li> <li>Half of sulphuric acid manufactured internally</li> <li>Risk-sharing agreements with by-product suppliers</li> </ul>	Glencore; International Raw Materials; Veolia North America; Ecoservices; Southern States Chemical Company; Rio Tinto Kennecott; Cornerstone Chemical Company; Nouryon Chemicals
<b>Water solutions (Alum; ACH; PACI)</b>	Municipal and industrial water treatment	<ul style="list-style-type: none"> <li>One of North America's largest suppliers of inorganic coagulents for water treatment</li> <li>Sulphuric acid is a key raw material; able to source from own facilities</li> <li>35+ facilities are located in close proximity to customers</li> </ul>	USALCO; Southern Ionics Incorporated; Affinity Chemical LLC; C&S Chemicals, Inc. Kemira Water Solutions Inc.; Thatcher Company; Brenntag Southwest, Inc.; Chameleon Specialty Chemicals; Holland Company, Inc.; Ecoservices Operations LLC; GAC Chemical Corporation; Border Chemicals Company Ltd.; PVS Chemicals, Inc.; Summit Chemicals, Inc.; Harcros Chemicals Inc.

## Sulphuric acid

- Regen acid used in gasoline alkylate production, with demand tied to refinery utilization rates – Demand has rebounded with more normalized mobility of individuals (U.S. driving miles have returned to 2019 levels).
- Ultrapure acid demand from semiconductor industry remains robust and very strong medium- to long-term outlook, supported by on-shoring of production in North America – significant increase in Ultrapure acid demand expected over the next several years.
- Merchant acid demand has rebounded on improved industrial activity; tight supply-demand market dynamics.

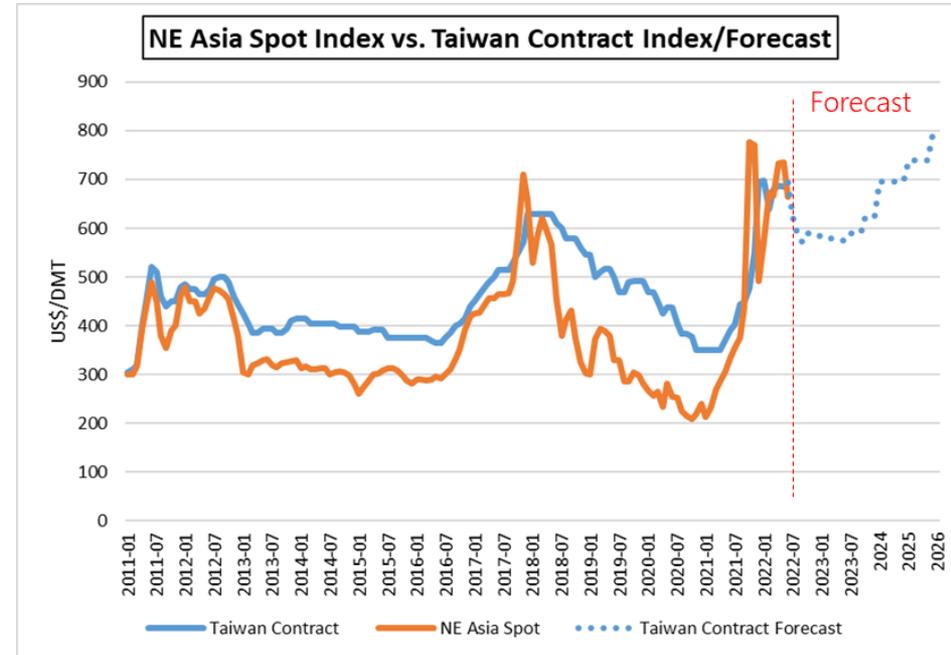
## Water chemicals

- Demand supported by increasing regulations and population growth – alum demand stable; PAC/ACH demand growing >5% per year.
- Short-term margin pressure from elevated sulphur prices (prices are roughly double those from one year ago), though sulphur prices have declined from recent highs.
- Proactively working with customers to pass-on higher raw material costs.

Key Products	Primary End-Uses	Competitive Advantages	Key Competitors
<b>Caustic soda</b>	Pulp & paper; soaps and detergents; aluminum; oil & gas exploration and refining; lithium-ion battery production; chemical processes	<ul style="list-style-type: none"> <li>North America: Access to low-cost hydroelectric power (electricity ~2/3rds of production cost)</li> <li>Brazil production of caustic soda mostly sold to Suzano under a long-term contract</li> <li>Both facilities use membrane cell technology, which is newer and more efficient than legacy technologies</li> </ul>	<ul style="list-style-type: none"> <li>North America: Univar; ERCO Worldwide; Westlake Chemical Corporation; Olin Corporation; US Magnesium LLC; K2 Pure Solutions; Occidental Chemical Corporation; Shintech Inc.; Formosa Plastics Corporation</li> <li>Brazil: Unipar Carbocloro; Katrium; Compass Minerals</li> </ul>
<b>Chlorine</b>	Construction (PVC); water treatment; chlorine derivatives		
<b>Hydrochloric Acid</b>	Oil & gas drilling; steel manufacturing		
<b>Sodium Chlorate</b>	Pulp & paper bleaching	<ul style="list-style-type: none"> <li>North America: Access to low-cost hydroelectric power (electricity ~2/3rds of production cost)</li> <li>Brazil production mostly sold to Suzano under a long-term contract; delivered by pipeline</li> </ul>	<ul style="list-style-type: none"> <li>North America: ERCO Worldwide; Nouryon Chemicals (Eka); Kemira Water Solutions Inc.</li> <li>Brazil: Nouryon Chemicals (Eka)</li> </ul>

## Caustic Soda

- Prices remain very strong, supported by demand for aluminum and supply dislocations stemming from geopolitical conflicts, but below recent highs.
- NE Asia July price US\$585/DMT.
- Revised 2022 guidance assumes US\$640/DMT.
- Long-term outlook remains strong, supported by reinvestment economics and with demand growth (aluminum; lithium-ion batteries) projected to significantly outpace industry supply growth.



Source: CMA (Chemical Market Analytics by OPIS, a Dow Jones Company, formerly IHS Markit Base Chemical)

## Chlorine

- Demand and pricing benefitting from tight industry supply and recovery in industrial and construction end-markets (PVC; bleach products).
- Prices expected to remain elevated through the balance of 2022 and into 2023.

## HCl

- Market gradually improving, in terms of both volume and price; steady increase in US and Canadian rig counts to above 5-year average signals continued improvement for HCl market.
- Geopolitical conflicts expected to lead to increased fracking activity in North America over the coming years as exports of natural gas to Europe increase.

Strong fundamentals for chlorine and HCl enabling Chemtrade to fully capture the benefits of higher caustic soda pricing.

Long Term Market Demand		
2018:	Oil WTI:	\$65/bbl
	US & Can Rigs:	1,200
2020:	Oil WTI:	\$39/bbl
	US & Can Rigs:	522
2021:	Oil WTI:	\$68/bbl
	US & Can Rigs:	606
July 2022:	Oil WTI:	\$95/bbl
	US & Can Rigs:	950

Source: Baker Hughes

## Sodium Chlorate

- Have seen a modest pick-up in volumes, but overall market demand remains subdued given ongoing softness in demand for office paper.
- Industry operating rates expected to improve, owing to:
  - 1) Sodium chlorate capacity rationalizations taking place in North America
  - 2) North American market seeing new interest in export volumes, given elevated electricity prices in Europe

## Planned closure of Beauharnois, QC sodium chlorate facility

- Expected to be completed by the end of 2022; ~\$4 million in costs booked in Q2 2022 related to the closure.
- Volumes to be absorbed by Brandon, MB and Prince George, BC facilities.
- Footprint rationalization and optimizing utilization of other facilities should lead to improved cost structure moving forward

# Organic Growth Projects

## Ultrapure Acid

- Demand expected to increase by 2-3x over next 5 years, given semiconductor industry production capacity expansion taking place in North America.
- Chemtrade is the leading North American producer of ultrapure acid to the semiconductor manufacturing sector.
- Two projects announced (detailed on next slide) – Greenfield plant in Casa Grande, Arizona and plant expansion in Cairo, Ohio
- These projects will allow Chemtrade to further strengthen its leading market position for ultrapure acid in the North American market, while capturing anticipated demand growth from announced semiconductor industry capacity expansions.

### Global Semiconductor Market



Source: International Business Strategies

### Joint Arrangement - KPCT Advanced Chemicals LLC

- Joint Arrangement formed with privately held Kanto Group for the greenfield construction of a high purity sulphuric acid plant, with Chemtrade owning 49% of the arrangement.
- The Joint Arrangement will build the plant in Casa Grande, Arizona with the high purity production process based on Kanto Group technology. Kanto Group's technology is currently in use for the leading semiconductor producers in Asia.
- The plant will have a total annual capacity of approximately 100,000 MT of electronic grade acid, with an expected start-up from late 2024 to 2025.
- Expected to cost between US\$175 million and US\$250 million\* and Chemtrade expects to realize an IRR of 20%+ on its investment.

### Cairo, Ohio Plant Expansion

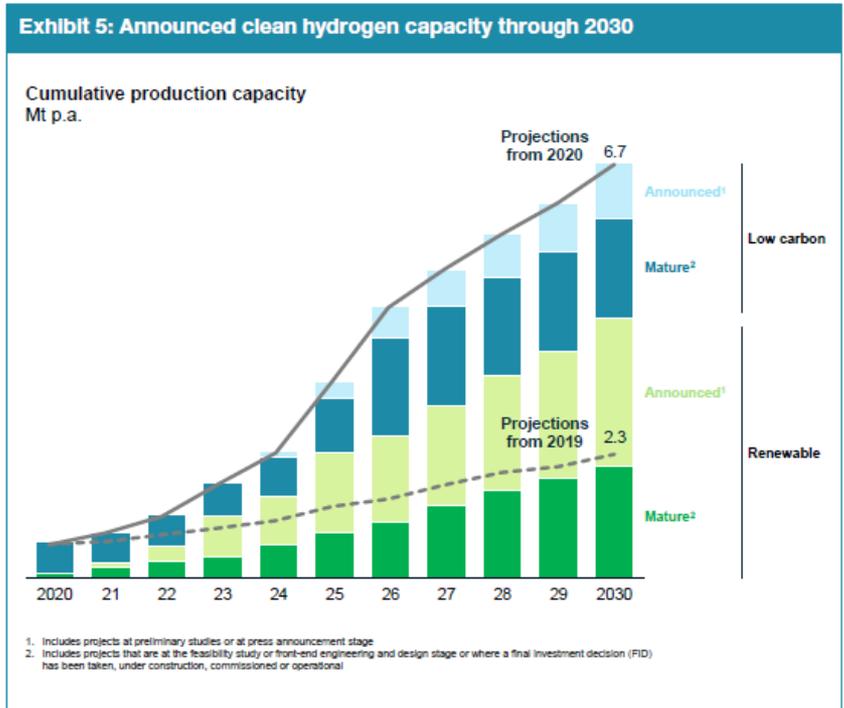
- Planned expansion progressing on schedule with expected startup in 2024. Budget is now expected to be in range of US\$50-55 million.
- US\$ 50-55 million investment leading to 60% increase in production capacity (15,000 additional MTs) with a 25%+ expected IRR.

\* More detailed engineering plans and cost estimates expected to be complete in Q4 2022.

# Organic Growth Projects

## Hydrogen

- Hydrogen expected to become a more significant energy source in a low carbon future.
- “Green hydrogen” already produced by Chemtrade through sodium chlorate and chlor-alkali manufacturing processes, using hydro-electric power.
- Developing projects at Prince George, BC and Brandon, MB sodium chlorate plants to monetize the hydrogen streams.
- Construction at Prince George expected to commence in 2022; production expected to begin in 2023.
- Brandon opportunity expected to be even more significant, given the facility’s scale.



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

# Organic Growth Projects

## Water Chemicals

- Chemtrade is one of North America's largest suppliers of inorganic coagulents for water treatment.
- Increasing regulations and population growth support heightened demand for coagulents across North America.
- Undertaking small projects to expand capacity for higher growth PAC/ACH (demand growing >5% per year), which are proceeding on schedule to be completed this year and are expected to contribute more meaningfully in 2023.
- Opportunity to expand into new specialized products.
- Could consider smaller acquisitions in the future.

### Water Coagulant Market Demand Growth

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

# Operational Excellence 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 and technology to improve performance (e.g. low cost on-stream vibration detection/monitoring and drone tank inspections)



Building a Culture of Continuous Improvement

ESG 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).

# Operational Excellence

## Key ESG Targets for 2022 and Beyond

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<p><b>GHG and other air emissions</b></p> <ul style="list-style-type: none"> <li>Reduce or offset 2021 baseline direct GHG emissions emitted from sources we own or control (Scope 1 emissions) by 50% by 2025</li> <li>Including all future acquisitions, maintain GHG intensity (kg GHG/kg product) below the chemical industry average</li> </ul>	<p><b>Workforce Health and Safety</b></p> <ul style="list-style-type: none"> <li>Achieve employee occupational injury/illness incident rate (OIR) of 0.7 by 2025</li> <li>Avoid all serious injuries or fatalities (SIFs) for employees and contractors in 2022 and beyond</li> </ul>	<p><b>Governance of Environmental and Social Issues</b></p> <ul style="list-style-type: none"> <li>Demonstrate ESG leadership by reporting material SASB factors in alignment with the Task Force on Climate-Related Financial Disclosure model (Governance, Strategy, Risk Management, Metrics, and Targets)</li> <li>Incorporate ESG related targets into short-term and long-term incentive plans of executives starting in 2022</li> </ul>
<p><b>Industrial and Hazardous Waste</b></p> <ul style="list-style-type: none"> <li>Reduce high clay alumina (HCA) landfill disposal by an additional 20% of 2021 baseline by 2025</li> </ul>	<p><b>Operational Safety, Emergency Preparedness and Response</b></p> <ul style="list-style-type: none"> <li>Reduce Level 1 spills or releases by 50% of 2021 baseline by 2025</li> <li>Reduce the number of transportation incidents by 40% of 2021 baseline by 2025</li> </ul>	<p><b>Board and Executive Diversity Targets</b></p> <ul style="list-style-type: none"> <li>Maintain 30% women and achieve 50% designated groups on Board of Directors by our annual meeting in 2024</li> <li>Maintain 30% women and 50% designated groups in our Executive Officer Positions</li> </ul>
<p><b>Energy Management</b></p> <ul style="list-style-type: none"> <li>Ensure a minimum of 85% of our electricity usage is from hydroelectric or other renewable sources and maintain this target when making acquisitions</li> </ul>	<p><b>Employee Engagement and Diversity</b></p> <ul style="list-style-type: none"> <li>Achieve industry benchmark employee engagement survey results by 2023</li> <li>Across the organization, fill 40% of vacancies with black, Indigenous and people of colour (BIPOC) and/or women by 2024</li> <li>Achieve 50% BIPOC and/or women in all management positions by the end of 2025</li> </ul>	

For more information, please refer to our recently published Sustainability Report, available at [www.chemtradelogistics.com/sustainability](http://www.chemtradelogistics.com/sustainability).

### Equity (CHE.UN)

- 115.0 million units outstanding, pro-forma \$86.5 million bought deal equity offering of 10.0 million trust units (including the over-allotment), closed on August 22, 2022.
- Proceeds of recent equity financing to be used to partially finance previously announced ultrapure sulphuric acid growth projects.

### Long-Term Debt

- US\$650 million revolving credit facility
- US\$247.9 million available, as of June 30, 2022
- December 2026 maturity (amended & extended December 2021)

### Convertible Unsecured Subordinated Debentures

#### Capital Allocation Priorities:

- Maintaining balance sheet strength
- Investing in financially accretive organic growth opportunities
- Return of capital to shareholders
- Strategic, opportunistic tuck-in acquisitions

	Fund 2017 Debentures (CHE.DB.D)	Fund 2019 Debentures (CHE.DB.E)	Fund 2020 Debentures (CHE.DB.F)	Fund 2021 Debentures (CHE.DB.G)	Total
<b>Maturity</b>	May 31, 2024	October 31, 2026	September 30, 2025	August 31, 2027	
<b>Interest Rate</b>	4.75%	6.50%	8.50%	6.25%	
<b>Principal outstanding (June 30, 2022) (C\$ millions)</b>	\$201.1	\$100.0	\$86.3	\$130.0	\$517.4
<b>Conversion Price</b>	\$26.70/unit	\$15.80/unit	\$7.35/unit	\$10.00/unit	

- **Net Debt / Adjusted EBITDA <sup>(1)</sup> of 3.2x at end of Q2 2022, down from 6.1x in Q2 2021.**
  
- **Numerous initiatives were recently undertaken to improve the balance sheet and increase financial flexibility:**
  1. Sale of specialty chemicals businesses (potassium chloride and vaccine adjuvants) for net proceeds of \$182.7 million, completed November 2021
  2. \$86.5 million equity offering in August 2022 <sup>(2)</sup> and \$70 million equity offering in March 2021
  3. Sold idled sulphuric acid plant in Augusta Georgia for net proceeds of US\$10 million in April 2022
  4. Convertible debenture refinancing, including the completion of an offering of convertible debentures that mature in August 2027 and the redemption of convertible debentures maturing in 2023
  5. Credit Facility extended by two years to December 2026
  
- **Process to sell real estate at North Vancouver site through a sale-and-leaseback transaction is ongoing.**
  - If successful, would provide additional financial flexibility and liquidity for primary capital priorities of deleveraging and investing in organic growth.
  - Updates to be provided when terms of an agreement are reached or the process is terminated.

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(2) Including assumed full exercise of over-allotment.

While market conditions remain robust across the business, Chemtrade is well-positioned for a potential economic downturn, given numerous defensive attributes and its strengthened balance sheet.

## SWC Segment

- Water treatment chemicals are non-discretionary and any decline in raw material costs could result in stronger margins.
- Regen business resilient as refinery utilization rates generally remain high in a typical recession.
- Ultrapure demand supported by chip shortages and semiconductor industry capacity expansions.
- Merchant acid demand tied to industrial activity, but North American demand supported by global supply dislocations, potentially dampening the impact of any economic weakness.

## EC Segment

- Chlor-alkali impact determined by relative demand for caustic soda and chlorine.
- Sodium chlorate volumes historically impacted in a recession, but market demand already subdued and therefore unlikely to move significantly lower.

<b>Size, Scale and Diversity of Earnings</b>	<ul style="list-style-type: none"> <li>Extensive product portfolio offers diversified exposure to industrial and consumer end-markets</li> <li>Exposure to strong chlor-alkali backdrop and robust industrial activity</li> <li>Benefitting from global supply dislocations caused by geopolitical conflicts</li> </ul>
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# APPENDIX

## Management Team

### Scott Rook

President and Chief Executive Officer

- Joined Chemtrade in 2019 as COO
- CEO since March 2021
- More than 28 years experience in the chemical industry including commercial, operational, and business leadership roles
- Previously Senior VP, Commercial at Ascend Performance Materials

### Rohit Bhardwaj

Chief Financial Officer

- Joined Chemtrade in 2006 as CFO
- Oversees Finance, IT, Investor Relations, Corporate Development, and Legal
- Previously CFO, Corporate Secretary and Executive VP, Operations of TSX-listed Inscap Corporation

### Tim Montgomery

Group Vice-President Manufacturing and Engineering

- Joined Chemtrade in 2020
- Oversees Manufacturing, Engineering, and Procurement
- More than 30 years experience in the chemical industry

### Alan Robinson

Group Vice-President, Commercial

- Joined Chemtrade in 2022
- Oversees Commercial
- More than 22 years experience in commercial, business leadership, and supply chains in the chemical industry

### Emily Powers

Group Vice-President Human Resources and Responsible Care

- Joined Chemtrade in 2016
- Leads the Human Resources and Responsible Care functions
- More than 23 years experience in the chemical industry

### Susan Paré

General Counsel and Corporate Secretary

- Joined Chemtrade in 2006
- Leads the Legal Department and is Corporate Secretary of the Board of Trustees
- Also oversees the Environmental Risk group

## Board of Trustees

**Douglas Muzyka**  
Chair of the Board

- Trustee since November 2020
- Corporate director
- Previously Senior VP and Chief Science and Technology Officer of E.I. DuPont de Nemours

**Lucio Di Clemente**  
Chair of the Compensation and Corporate Governance Committee

- Trustee since July 2009
- Executive mentor, corporate financial advisor and corporate director

**Daniella Dimitrov**  
Chair of the Audit Committee

- Trustee since May 2020
- President and CFO of IAMGOLD

**Emily Moore**  
Chair of the Responsible Care Committee

- Trustee since July 2019
- Director of Troost Institute for Leadership Education in Engineering at the University of Toronto and corporate director

**Luc Doyon**  
Corporate Director

- Trustee since May 2022
- Corporate director
- 34-year career with Air Liquide

**Katherine Rethy**  
Corporate Director

- Trustee since July 2015
- Corporate director
- Previously Senior VP, Global Services at Falconbridge Ltd.

**Scott Rook**  
CEO, Corporate Director

- Trustee since March 2021
- President and CEO of Chemtrade
- Previously Senior VP, Commercial at Ascend Performance Materials

# Q2 2022 Consolidated Results

C\$ Millions, except per unit metrics and ratios

	Q2 2022	Q2 2021	Change (\$)	Change (%)
Revenue	446.4	337.3	109.1	32%
Net Earnings (Loss) <sup>(1)</sup>	34.8	(14.1)	48.9	n/a
Adjusted EBITDA <sup>(2)</sup>	81.7	65.2	16.6	25%
Cash Flows from Operating Activities	84.0	50.8	33.1	65%
Distributable Cash <sup>(2)</sup>	25.9	21.2	4.7	22%
DCPU <sup>(2)</sup>	0.25	0.21	0.04	19%
Distributions declared per unit <sup>(3)</sup>	0.15	0.15	-	-
Payout Ratio (%) <sup>(2)</sup>	60%	71%	n/a	n/a
Net Debt <sup>(2)</sup>	1,126.8	1,408.7	(281.8)	(20)%
Net Debt / Adjusted EBITDA <sup>(2)(4)</sup>	3.2x	6.1x	n/a	n/a

(1) Results for the three months ended June 30, 2022 include a gain of \$17.4 million or \$0.17 per unit related to sale of an idled acid plant in Augusta, Georgia.

(2) Adjusted EBITDA is a Total of Segments measure. DCPU (Distributable Cash Per Unit), Payout Ratio, and Net Debt / Adjusted EBITDA are non-IFRS ratios. See Appendix for more information.

(3) Based on actual number of units outstanding on record date.

(4) After giving effect to the August 2022 equity issuance, including the exercise of the over-allotment, Net Debt / Adjusted EBITDA would be lower by approximately 0.2x.

- 2022 Adjusted EBITDA guidance increased for second consecutive quarter, primarily reflecting strong year-to-date results and ongoing strength across chlor-alkali chemicals.
- Midpoint of 2022 Adjusted EBITDA guidance is \$370 million, a \$121.5 million improvement over 2021 after adjusting for the sale of specialty chemicals businesses (\$14.2 million Adjusted EBITDA contribution in 2021) and NATO lawsuit settlement in 2021 (\$17.7 million net recovery in 2021), despite impact of biennial turnaround at North Vancouver facility in Q2 2022 (\$17 million impact).
- Implied payout ratio <sup>(1)</sup> of ~40% for 2022, assuming the midpoint of Adjusted EBITDA guidance.

	Updated 2022 Guidance	Prior 2022 Guidance	2021 Actual	Six months ended Actual	
				June 30, 2022	June 30, 2021
Adjusted EBITDA <sup>(1)</sup>	\$360 - \$380	\$300 - \$330	\$280.4 <sup>(2)</sup>	\$189.6	\$120.6
Maintenance Capex <sup>(1)</sup>	\$80 - \$90	\$73 - \$78	\$75.3	\$40.4	\$23.8
Lease Payments	\$50 - \$55	\$50 - \$55	\$51.6	\$25.4	\$25.7
Cash Interest <sup>(1)</sup>	\$50 - \$55	\$50 - \$55	\$65.9	\$26.5	\$33.3
Cash Taxes	\$10 - \$15	\$10 - \$15	\$3.5	\$8.0	(\$1.3)

(1) Adjusted EBITDA is a Total of Segments measure. Maintenance Capex and Cash Interest are Supplementary Financial Measures. Payout Ratio is a non-IFRS ratio. See Appendix for more information.

(2) Includes \$14.2 million relating to the KCl and vaccine adjuvants businesses sold in November 2021 and \$17.7 million benefit from the settlement of the NATO Lawsuit.

Key Assumptions	Updated 2022 Assumption	Prior 2022 Assumption	2021 Actuals
Approximate North American MECU sales volume	~180K	~175K	~181K
2022 average CMA <sup>(1)</sup> NE Asia Caustic price index being higher per tonne than the 2021 average	↑ US\$350	↑ US\$285	N/A
North American production volume of sodium chlorate	~350KT	~350KT	~361KT
USD to CAD average foreign exchange rate	1.250	1.250	1.254
LTIP expense (in millions)	\$18.0 - \$23.0	\$15.0 - \$20.0	\$25.7

(1) Chemical Market Analytics by OPIS, a Dow Jones Company, formerly IHS Markit Base Chemical

### Caustic Soda Price

- Change of US\$50/DMT = CAD\$10 million

### Sodium Chlorate Price

- Change of \$50/metric tonne = \$17.5 million

### CA\$/US\$ exchange rate

- Change of 1 cent = \$3.8 million

# Non-IFRS Measures and Ratios

Non-IFRS financial measures are financial measures disclosed by an entity that (a) depict historical or expected future financial performance, financial position or cash flow of an entity, (b) with respect to their composition, exclude amounts that are included in, or include amounts that are excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) are not disclosed in the financial statements of the entity and (d) are not a ratio, fraction, percentage or similar representation. Non-IFRS ratios are financial measures disclosed by an entity that are in the form of a ratio, fraction, percentage or similar representation that has a non-IFRS financial measure as one or more of its components, and that are not disclosed in the financial statements of the entity.

These non-IFRS financial measures and non-IFRS ratios are not standardized financial measures under IFRS and, therefore, are unlikely to be comparable to similar financial measures presented by other entities. Management believes these non-IFRS financial measures and non-IFRS ratios provide transparent and useful supplemental information to help investors evaluate our financial performance, financial condition and liquidity using the same measures as management. These non-IFRS financial measures and non-IFRS ratios should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with IFRS.

The following slides outline our non-IFRS financial measures and non-IFRS ratios, their compositions, and why management uses each measure. It includes reconciliations to the most directly comparable IFRS measures. Except as otherwise described herein, our non-IFRS financial measures and non-IFRS ratios are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable.

*Distributable cash after maintenance capital expenditures –*

**Most directly comparable IFRS financial measure:** Cash flows from operating activities

**Definition:** Distributable cash after maintenance capital expenditures is calculated as cash flow from operating activities less lease payments net of sub-lease receipts, maintenance capital expenditures and adjusting for cash interest and current taxes, and before decreases or increases in working capital.

**Why we use the measure and why is it useful to investors:** It provides useful information related to our cash flows including the amount of cash available for distribution to Unitholders, repayment of debt and other investing activities.

## *Distributable cash after maintenance capital expenditures per unit –*

**Definition:** Distributable cash after maintenance capital expenditures per unit is calculated as distributable cash after maintenance capital expenditures divided by the weighted average number of units outstanding.

**Why we use the measure and why is it useful to investors:** It provides useful information related to our cash flows including the amount of cash available for distribution to Unitholders, repayment of debt and other investing activities.

## *Payout Ratio –*

**Definition:** Payout ratio is calculated as Distributions declared per unit divided by Distributable cash after maintenance capital expenditures per unit.

**Why we use the measure and why is it useful to investors:** It provides useful information related to our cash flows including our ability to pay distributions to Unitholders.

# Non-IFRS Measures and Ratios

C\$ Thousands, except per unit metrics and ratios

	Three months ended June 30		Twelve months ended
	2022	2021	June 30, 2022
<b>Cash flow from (used in) operating activities</b>	<b>\$ 83,976</b>	<b>\$ 50,846</b>	<b>\$ 295,698</b>
Add (Less):			
Lease payments net of sub-lease receipts	(12,586)	(12,671)	(51,306)
(Decrease) Increase in working capital	(23,984)	(3,075)	(19,178)
Changes in other items <sup>(1)</sup>	4,708	1,714	846
Maintenance capital expenditures	(26,196)	(15,583)	(91,883)
<b>Distributable cash after maintenance capital expenditures</b>	<b>25,918</b>	<b>21,231</b>	<b>134,177</b>
Weighted average number of units outstanding	104,651,180	103,374,452	104,187,478
<b>Distributable cash after maintenance capital expenditures per unit</b>	<b>\$ 0.25</b>	<b>\$ 0.21</b>	<b>\$ 1.29</b>
Distributions declared per unit <sup>(2)</sup>	\$ 0.15	\$ 0.15	\$ 0.60
<b>Payout ratio (%)</b>	<b>60%</b>	<b>71%</b>	<b>47%</b>

(1) Changes in other items relates to cash interest and current taxes.

(2) Based on actual number of units outstanding on record date.

## *Net Debt –*

**Most directly comparable IFRS financial measure:** Total long-term debt, convertible unsecured subordinated debentures, lease liabilities, long-term lease liabilities, less cash and cash equivalents

**Definition:** Net Debt is calculated as the total of Long-term debt, the principal value of convertible unsecured subordinated debentures, lease liabilities and long-term lease liabilities, less cash and cash equivalents.

**Why we use the measure and why is it useful to investors:** It provides useful information related to our aggregate debt balances.

## *Net Debt / Adjusted EBITDA–*

**Definition:** Net Debt / Adjusted EBITDA is calculated as Net Debt divided by LTM Adjusted EBITDA. LTM Adjusted EBITDA represents the last twelve months Adjusted EBITDA and is calculated from Adjusted EBITDA reported in the MD&A.

**Why we use the measure and why is it useful to investors:** It provides useful information related to our debt leverage and our ability to service debt.

# Non-IFRS Measures and Ratios

C\$ Thousands, except ratios

	Three months ended June 30	
	2022	2021
<b>Long-term debt <sup>(1)</sup></b>	<b>\$ 498,305</b>	<b>\$ 730,194</b>
Add (Less):		
Convertible unsecured convertible debentures <sup>(1)</sup>	517,365	531,115
Lease liabilities	43,856	48,452
Long-term lease liabilities	90,663	113,205
Cash and cash equivalents	(23,341)	(14,295)
<b>Net Debt</b>	<b>\$ 1,126,848</b>	<b>\$ 1,408,671</b>
LTM Adjusted EBITDA <sup>(2)</sup>	\$ 349,349	\$ 229,452
<b>Net Debt / Adjusted EBITDA <sup>(3)</sup></b>	<b>3.2x</b>	<b>6.1x</b>

(1) Principal amount outstanding.

(2) LTM Adjusted EBITDA represents the last twelve months Adjusted EBITDA and is calculated from Adjusted EBITDA reported in the MD&A.

(3) After giving effect to the August 2022 equity issuance, and including the exercise of the over-allotment, Net Debt / Adjusted EBITDA would be lower by approximately 0.2x.

# Total of Segments Measures

Total of segments measures are financial measures disclosed by an entity that (a) are a subtotal of two or more reportable segments, (b) are not a component of a line item disclosed in the primary financial statements of the entity, (c) are disclosed in the notes of the financial statements of the entity, and (d) are not disclosed in the primary financial statements of the entity.

The following slide provides an explanation of the composition of the total of segments measures.

*Adjusted EBITDA -*

**Most directly comparable IFRS financial measure:** Net earnings (loss)

	Three months ended June 30	
	2022	2021
<b>Net earnings (loss)</b>	<b>\$ 34,835</b>	<b>\$ (14,078)</b>
Add (Less):		
Depreciation and amortization	53,229	60,571
Net finance costs	9,801	19,122
Income tax expense (recovery)	(3,287)	(6,615)
Change in environmental liability	(66)	-
Net (gain) loss on disposal and write-down of PPE	(18,282)	404
(Gain) loss on disposal of assets held for sale	(238)	-
Unrealized foreign exchange (gain) loss	5,737	5,760
<b>Adjusted EBITDA</b>	<b>\$ 81,729</b>	<b>\$ 65,164</b>

Supplementary financial measures are financial measures disclosed by an entity that (a) are, or are intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity, (b) are not disclosed in the financial statements of the entity, (c) are not non-IFRS financial measures, and (d) are not non-IFRS ratios.

The following provides an explanation of the composition of those supplementary financial measures.

## *Maintenance capital expenditures*

Represents capital expenditures that are required to sustain operations at existing levels and include major repairs and maintenance and plant turnarounds.

## *Cash Interest*

Represents interest expense related to long-term debt, convertible unsecured subordinated debentures and pension plans. It excludes non-cash finance costs such as changes in fair value of the convertible unsecured subordinated debentures, ineffective portion of cash flow hedges, changes in fair value of interest rate swaps and accretion expense.