

## NEWS RELEASE

### CHEMTRADE LOGISTICS INCOME FUND ISSUES 2024 GUIDANCE AND RAISES MONTHLY DISTRIBUTION

#### Also Suspends Distribution Re-Investment Plan (“DRIP”)

**TORONTO, Ontario, January 15, 2024** – Chemtrade Logistics Income Fund (TSX: CHE.UN) (“Chemtrade”) today issued 2024 Guidance and increased the level of monthly distributions to unitholders.

#### 2024 Guidance

(\$ million)	2024 Guidance	2023 Guidance Updated in Q4	2022 Actual
Adjusted EBITDA <sup>(1)</sup>	\$395.0 - \$435.0	Above \$490.0	\$430.9
Maintenance capital expenditures <sup>(1)</sup>	\$85.0 - \$105.0	\$80.0 - \$105.0	\$99.8
Growth capital expenditures <sup>(1)</sup>	\$60.0 - \$90.0	\$50.0 - \$75.0	\$21.6
Lease payments	\$55.0 - \$65.0	\$50.0 - \$60.0	\$52.4
Cash interest <sup>(1)</sup>	\$45.0 - \$55.0	\$42.0 - \$48.0	\$51.7
Cash tax <sup>(1)</sup>	\$30.0 - \$50.0	\$15.0 - \$25.0	\$12.0

(1) Adjusted EBITDA is a Total of segments measure. Maintenance capital expenditures, Cash interest and Cash tax are Supplementary financial measures. Growth capital expenditures is a non-IFRS financial measure. See Non-IFRS and Other Financial Measures.

Chemtrade expects its 2024 Adjusted EBITDA to range between \$395.0 million and \$435.0 million. Based on the mid-point of the above guidance, including the anticipated spending on organic growth and the changes in capital allocation, Chemtrade expects to end 2024 with a Net debt to Adjusted EBITDA ratio<sup>(1)</sup> of <2.0.

Chemtrade’s latest guidance for 2023 was that it expected 2023 Adjusted EBITDA to be above \$490.0 million. This will be a new record level of annual Adjusted EBITDA achieved by Chemtrade. Chemtrade’s Adjusted EBITDA in 2024 is expected to be below the record high 2023 level, but still in the range of Chemtrade’s second highest Adjusted EBITDA, achieved in 2022. Further, Chemtrade considers the mid-point of 2024’s anticipated Adjusted EBITDA of \$415 million to represent a sustainable level going forward.

Chemtrade’s guidance is based on numerous assumptions. Certain key assumptions that underpin the guidance are as follows:

- There will be no significant lockdowns or stay at home orders issued in North America due to a pandemic outbreak during 2024.
- None of the principal manufacturing facilities (as set out in Chemtrade’s AIF) incurs significant unplanned downtime.
- No labour disruptions occur at any of Chemtrade’s principal manufacturing facilities (as set out in Chemtrade’s AIF).

(1) Net debt is a Non-IFRS ratio. Net debt to Adjusted EBITDA is a Capital management measure. Please see Non-IFRS and Other Financial Measures for more information.

Key Assumptions	2024 Assumptions	2023 Assumptions Updated in Q4	2022 Actual
Approximate North American MECU sales volumes	173,000	180,000	184,000
2024 realized MECU Netback being lower than 2023 (per MECU)	CAD (\$210)	NA	N/A
Average CMA <sup>(1)</sup> NE Asia caustic spot price index per tonne <sup>(2)</sup>	US\$375	US\$455 <sup>(3)</sup>	US\$650
Approximate North American production volumes of sodium chlorate (MTs)	268,000	285,000	343,000
USD to CAD average foreign exchange rate	1.300	1.334	1.302
Long term incentive plan costs (in \$ millions)	\$10.0 - \$20.0	\$10.0 - \$20.0	\$21.0

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

(2) The average CMA NE Asia caustic spot price for 2024, 2023 and 2022 is the average spot price for the four quarters ending with the third quarter of that year as the majority of our pricing is based on a one quarter lag.

(3) Implies that the index pricing for Q4 2023 will be approximately US\$365 per tonne compared with approximately US\$580 during Q4 2022.

The lower expected Adjusted EBITDA for 2024 compared to 2023 is attributed to the following key factors:

- Lower average selling prices for caustic due to lower NE Asia index prices.
- Turnaround at North Vancouver chlor-alkali plant.
- Lower sales volumes of sodium chlorate.
- Higher cost of raw materials for water treatment chemicals.
- Stronger Canadian dollar relative to the U.S. dollar.

Chemtrade remains focused on its long-term objective of delivering sustained earnings growth and generating value for investors. To achieve this, Chemtrade has identified various organic growth initiatives. In 2024, Chemtrade plans to invest between \$60M and \$90M in growth capital expenditures. This includes approximately \$40M for Chemtrade's ultrapure sulphuric acid business, principally at the Cairo, OH facility, with the remainder for water treatment chemicals and other organic growth projects.

### Capital Allocation Update – Increase in monthly distribution and suspension of DRIP

Chemtrade's management and board of trustees periodically assess Chemtrade's capital structure and capital allocation to ensure that it's positioned to deliver maximum long-term value to unitholders. The current distribution level was established at the onset of the COVID pandemic in March 2020. During the pandemic, Chemtrade also initiated a DRIP.

Chemtrade's balance sheet has significantly improved over the past few quarters and leverage has decreased with a Net debt to Adjusted EBITDA ratio of 1.7x at September 30, 2023. Chemtrade's business has also strengthened as evidenced by two consecutive record years in terms of Adjusted EBITDA generated. While 2023 is unlikely to represent the new Adjusted EBITDA run-rate, Chemtrade believes that its business has undergone a step-change improvement from the pre-COVID levels. In light of the improved sustainable long-term outlook for Chemtrade's cash flow, Chemtrade is increasing its monthly distribution of 5-cents per month by 10% to 5.5-cents per month effective with the distribution that will be declared during the month of January 2024. This distribution represents a Payout ratio<sup>(1)</sup> of 45% based on the mid-point of Chemtrade's guidance for 2024.

In addition, as part of its updated capital structure and capital allocation strategy, Chemtrade is suspending its DRIP effective with the distribution declared in January 2024 and payable in February 2024 at which time all distributions of the Fund will be paid only in cash.

The increase in the level of cash distributions is expected to have minimal impact on Chemtrade's leverage and is not expected to impede Chemtrade's ability to execute growth initiatives while maintaining a healthy balance sheet.

(1) Payout ratio is a non-IFRS ratio. See Non-IFRS and Other Financial Measures.

## 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 and sodium hydrosulphite. Chemtrade is also the largest producer of high purity sulphuric acid for the semiconductor industry in North America. Chemtrade is a leading regional supplier of sulphur, chlor-alkali products, and zinc oxide. Additionally, Chemtrade provides industrial services such as processing by-products and waste streams.

## NON-IFRS AND OTHER FINANCIAL MEASURES

### Non-IFRS financial measures and non-IFRS 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 section outlines 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.

## Growth capital expenditures

### Most directly comparable IFRS financial measure: Capital expenditures

**Definition:** Growth capital expenditures is calculated as Capital expenditures less Maintenance Capital expenditures, plus Investments in a joint venture.

**Why we use the measure and why is it useful to investors:** It provides useful information related to the capital spending and investments intended to grow earnings.

<u>(\$'000)</u>	<u>Year ended</u> <u>December 31, 2022</u>
Capital expenditures	\$115,440
Less: Maintenance capital expenditures	(99,766)
Non-maintenance capital expenditures <sup>(1)</sup>	15,674
Add: Investment in Joint Venture <sup>(2)</sup>	5,931
Growth capital expenditures	\$21,605

### 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.

<u>(\$'000, except per unit metrics and ratios)</u>	<u>Twelve months ended</u> <u>September 30, 2023</u>
Cash flows from operating activities	\$407,466
Add (Less):	
Lease payments net of sub-lease receipts	(56,585)
(Decrease) increase in working capital	17,137
Changes in other items <sup>(1)</sup>	38,201
Maintenance capital expenditures <sup>(2)</sup>	(93,322)
Distributable cash after maintenance capital expenditures	\$312,897
Divided by:	
Weighted average number of units outstanding	115,841,117
Distributable cash after maintenance capital expenditures per unit	\$2.70
Distributions declared per unit <sup>(3)</sup>	\$0.60
Payout ratio (%)	22%

(1) Changes in other items relate to Cash interest and current taxes.

(2) Maintenance capital expenditures are a Supplementary financial measure. See "Supplementary financial measures" for more information.

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

## Net debt

**Most directly comparable IFRS financial measure:** Total long-term debt, Debentures, lease liabilities, and 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 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 Chemtrade's aggregate debt balances.

(\$'000)	September 30, 2023
Long-term debt <sup>(1)</sup>	\$314,986
Add (Less):	
Debentures <sup>(1)</sup>	425,720
Long-term lease liabilities	130,687
Lease liabilities <sup>(2)</sup>	51,310
Cash and cash equivalents	(35,795)
Net debt	\$886,908

(1) Principal amount outstanding.

(2) Presented as current liabilities in the condensed consolidated interim statements of financial position.

## Capital management measures

Capital management measures are financial measures disclosed by an entity that (a) are intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital, (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.

## Net debt to Adjusted EBITDA

**Definition:** Net debt to 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 it is useful to investors:** It provides useful information related to Chemtrade's debt leverage and Chemtrade's ability to service debt. Chemtrade monitors Net debt to Adjusted EBITDA as a part of liquidity management to sustain future investment in the growth of the business and make decisions about capital.

## 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 section provides an explanation of the composition of the total of segments measures.

## Adjusted EBITDA

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

<u>(\$'000)</u>	<u>Twelve months ended</u> <u>December 31, 2022</u>
Net earnings (loss)	\$109,115
Add (Less):	
Depreciation and amortization	216,950
Net finance costs	49,969
Income tax expense	60,068
Net gain on disposal and write-down of PPE	(15,304)
Loss on disposal of assets held for sale	478
Unrealized foreign exchange loss	9,592
<u>Adjusted EBITDA</u>	<u>\$430,868</u>

## Supplementary financial measures

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 section 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.

### Non-maintenance capital expenditures

Represents capital expenditures that are (a) pre-identified or pre-funded, usually as part of a significant acquisition and related financing; (b) considered to expand the capacity of Chemtrade's operations; (c) significant environmental capital expenditures that are considered to be non-recurring; or (d) capital expenditures to be reimbursed by a third party.

### Cash interest

Represents the interest expense on long-term debt, interest on Debentures, pension interest expense and interest income.

### Cash tax

Represents current income tax expense adjusted to exclude current income tax expense related to the disposal of assets held for sale.

## 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: Chemtrade’s expected Adjusted EBITDA range for 2023 and 2024; the expected stated maintenance capital expenditures, growth capital expenditures (including allocation of such amounts), lease payments, cash interest and cash tax; the expected Net debt to Adjusted EBITDA ratio at the end of 2024. 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 North American lockdowns or stay-at-home orders issued during 2023; there being no significant unplanned downtime or labour disruptions affecting Chemtrade’s principal manufacturing facilities; the stated North American MECU sales volumes; the stated 2024 realized MECU Netback being lower than 2023; the stated 2024 average CMA NE Asia caustic spot price index; the stated North American sodium chlorate production volumes; the stated U.S. dollar foreign exchange rate; and the stated long term incentive plan costs.

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.

## ##

For further information:

Rohit Bhardwaj  
Chief Financial Officer  
Tel: (416) 496-4177

Ryan Paull  
Business Development Manager  
Tel: (973) 515-1831