



ALGOMA CENTRAL CORPORATION  
A LEADER IN GREAT LAKES SHIPPING  
SEPTEMBER 9, 2014

# FORWARD-LOOKING STATEMENTS

Certain statements in this document about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct.

Certain assumptions in respect of the determination of tonnages shipped, freight rates, fuel costs, general inflation rates, USD/CAD exchange rates and capital expenditures are material factors in preparing forward-looking information and management's expectations. Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: on-time and on-budget delivery of new ships from shipbuilders; general economic and market conditions in the countries in which we operate; interest rate and currency value fluctuations; our ability to execute our strategic plans and to complete and integrate acquisitions; critical accounting estimates; operational and infrastructure risks; general political conditions; labour relations with our unionized workforce; the possible effects on our business of war or terrorist activities; disruptions to public infrastructure, such as transportation, communications, power or water supply, including water levels; technological changes; significant competition in the shipping industry and other transportation providers; reliance on partnering relationships; appropriate maintenance and repair of our existing fleet by third-party contractors; health and safety regulations that affect our operations can change and be onerous and the risk of safety incidents can affect results; a change in applicable laws and regulations, including environmental regulations, could materially affect our results; economic conditions may prevent us from realizing sufficient investment returns to fund our defined benefit plans at the required levels; our ability to raise new equity and debt financing if required; extreme weather conditions or natural disasters; our ability to attract and retain quality employees; the seasonal nature of our business; and, risks associated with the lease and ownership of real estate.

These factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein, recognizing that all such forward looking information is based on assumptions about the future that may not ultimately be born out and are subject to many risks and uncertainties, including those listed above. Furthermore, unless otherwise stated, the forward-looking statements contained in this document are made as of the date of hereof (unless stated to be as of an earlier date), and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement. Management approved the forward looking financial information as of September 8, 2014.

**ALL AMOUNTS IN C\$ MILLIONS EXCEPT PER SHARE AMOUNTS, UNLESS NOTED**





**WHY INVEST IN DOMESTIC  
SHIPPING?**



# GREAT LAKES – ST. LAWRENCE

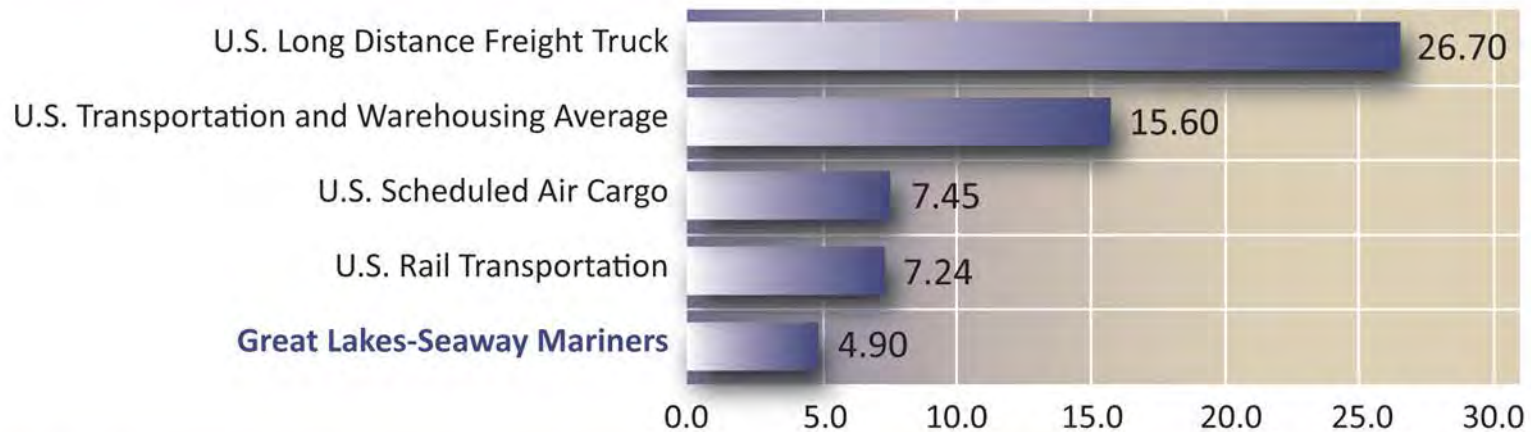


For over 200 years the 100 ports on the Waterway have linked domestic suppliers and markets, connecting with 40 highways and 30 rail systems and ultimately with world markets

# IMPECCABLE SAFETY RECORD

99.99% OF VESSEL TRIPS COMPLETED WITHOUT FATALITIES

Freight Transport Mode Employee Fatality Rates Per 100,000 workers (2002-2011)



Source: Fatality rates based on census data published by the U.S. Department of Labor, Bureau of Labor Statistics, Census of Fatal Occupational Injuries (2002-2011)



# IN CHALLENGING CONDITIONS



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# MARINE DELIVERS

Grains from Western Canada and US for export

Iron ore and coal from US for export

Import ore to center of the country

Aggregates, potash, limestone, cement, coal, and salt within the system

Petroleum products within the system between refiners and distribution networks



**Vessels on the System move 164 million tonnes of cargo every year**



# BENEFITTING THE ECONOMY



## Canada and the U.S.

- **227,000** jobs
- **\$34.6B** economic contribution

## Ships move:

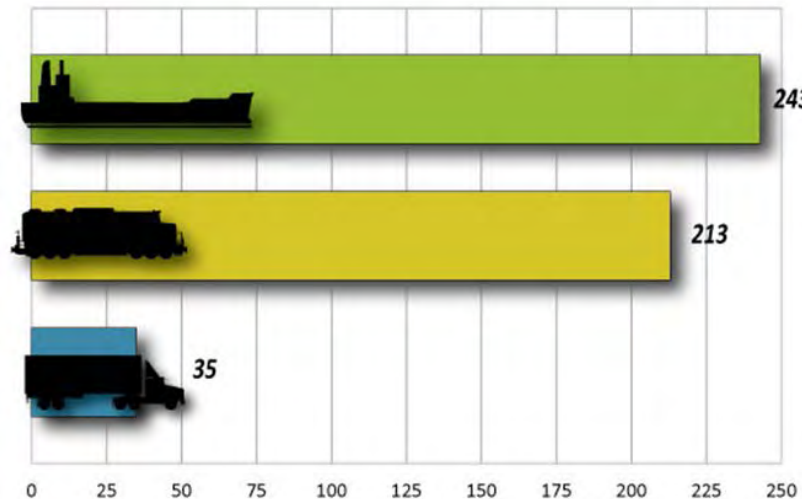
- **164M** metric tons of cargo per year on GL-Seaway System



# OPERATING EFFICIENTLY

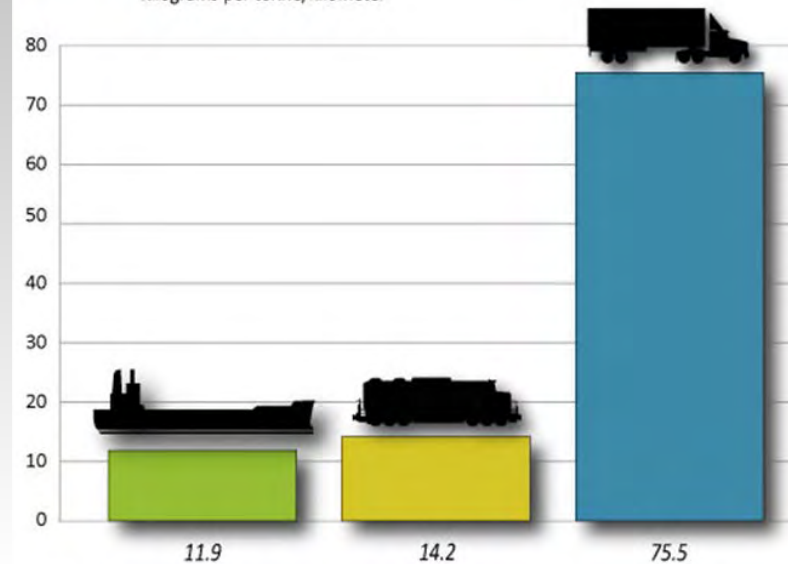


**Figure 1. Distance one metric ton of cargo travels**  
Kilometers on 1 litre of fuel



Source: The Environmental and Social Impacts of Marine Transport in the Great Lakes-St. Lawrence Seaway Region, 2012

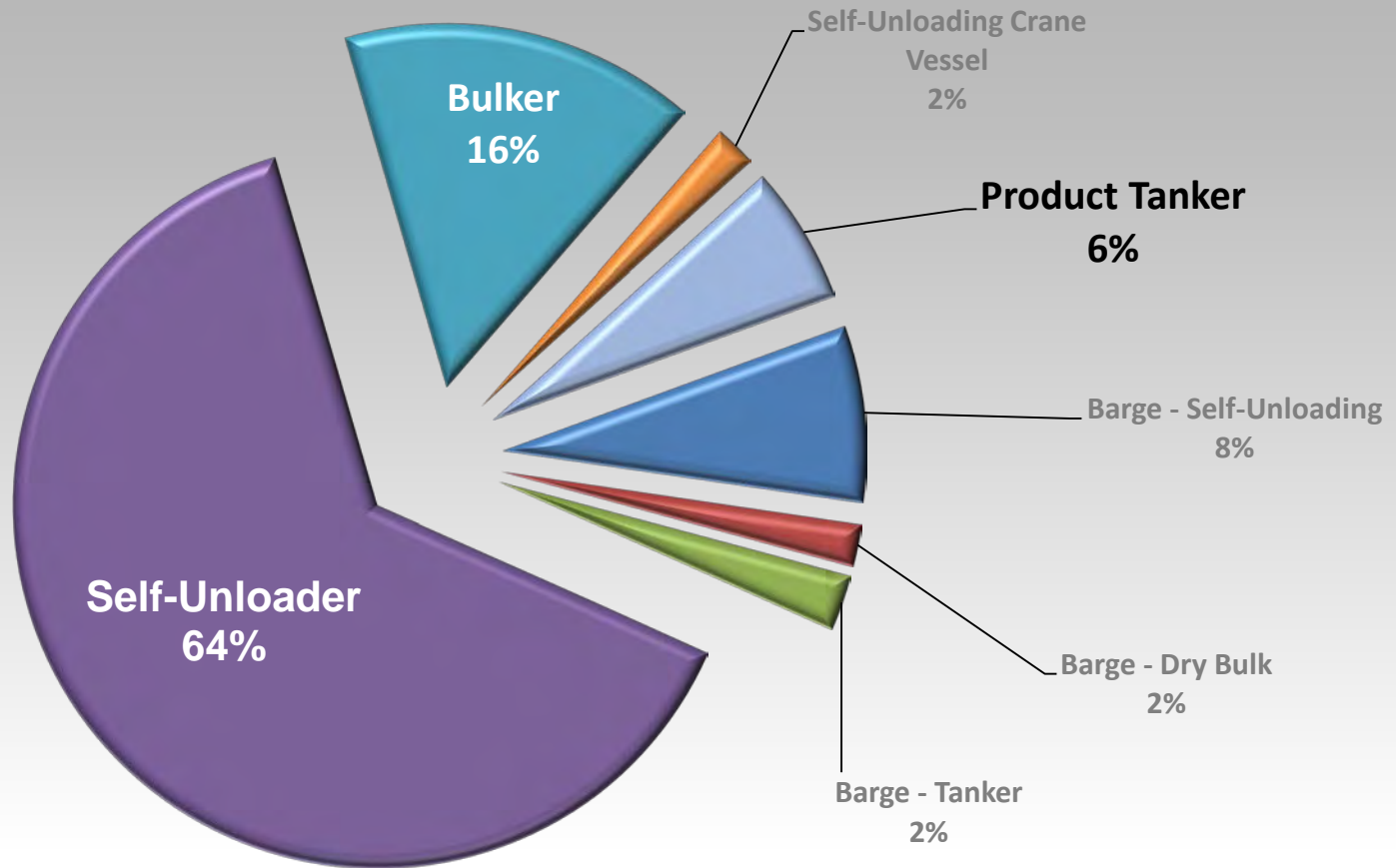
**Figure 2. GHG Emissions**  
Kilograms per tonne/kilometer



Source: The Environmental and Social Impacts of Marine Transport in the Great Lakes-St. Lawrence Seaway Region, 2012

# THE GREAT LAKES FLEET

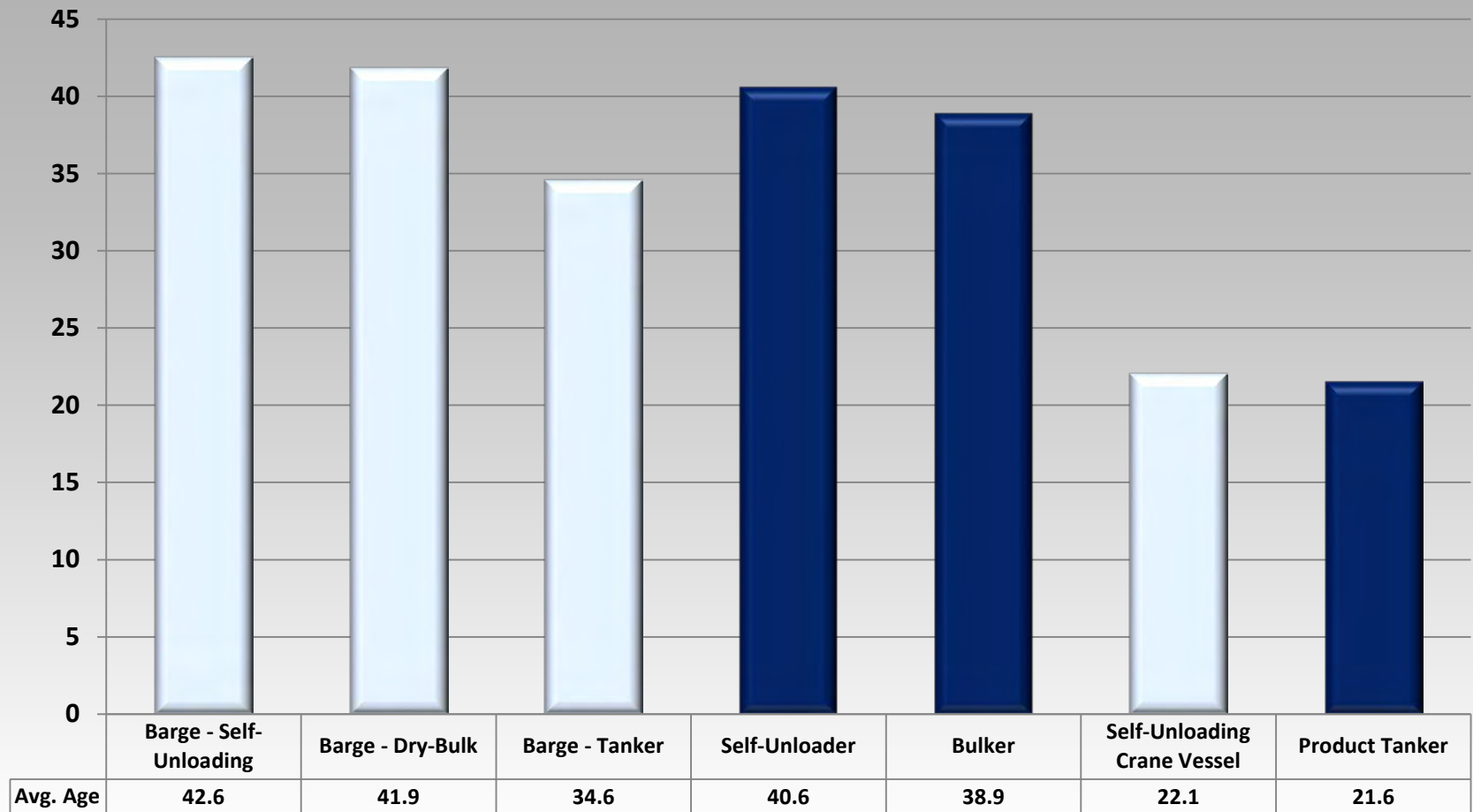
## DEADWEIGHT TONNAGE





# THE GREAT LAKES FLEET

## Average Vessel Age





# WHY INVEST IN ALGOMA

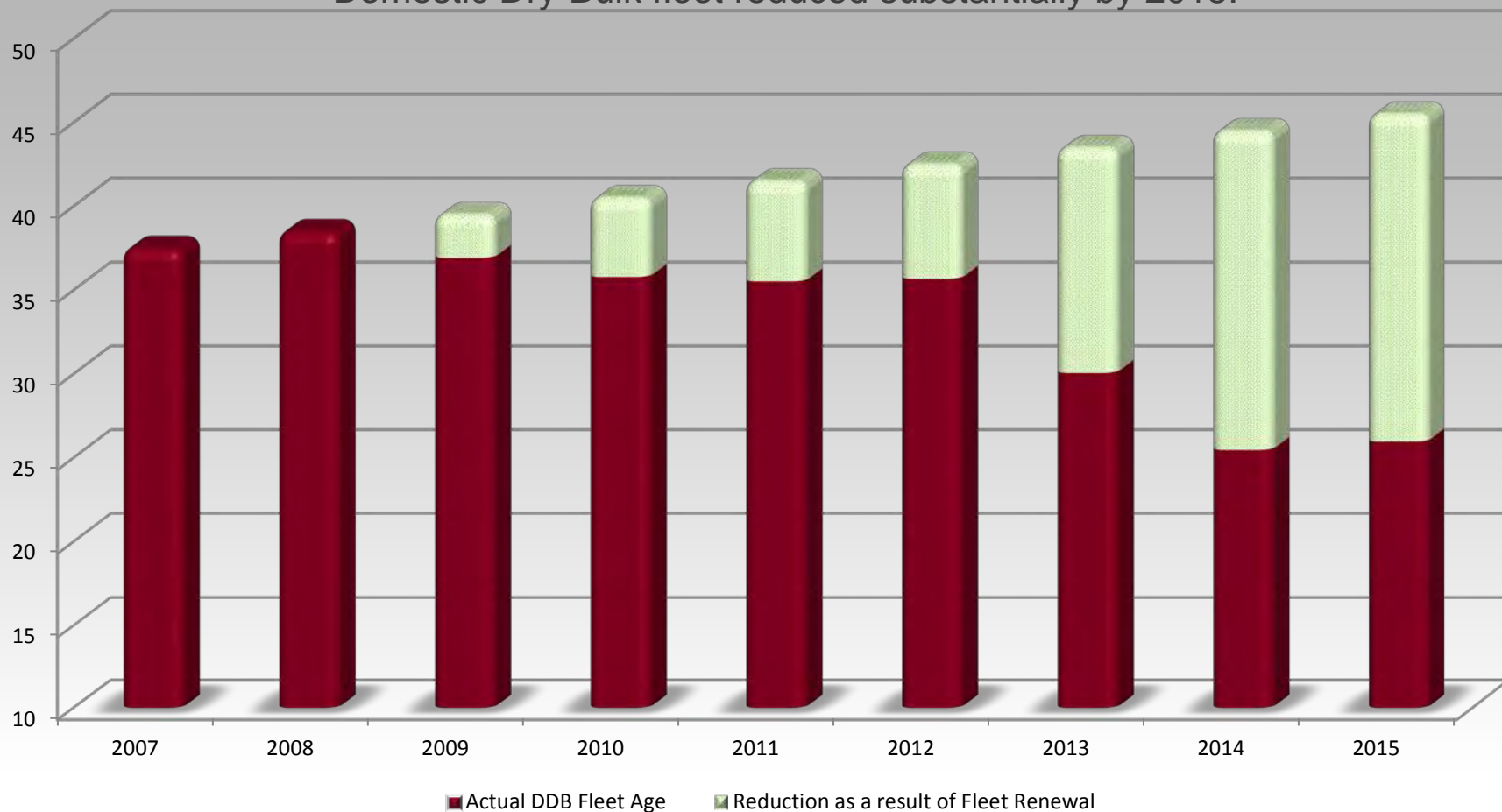
# WE'RE INVESTING IN THE FUTURE



**Algoma is investing \$500 million in new lakes-class vessels; six are now delivered; four more to come**

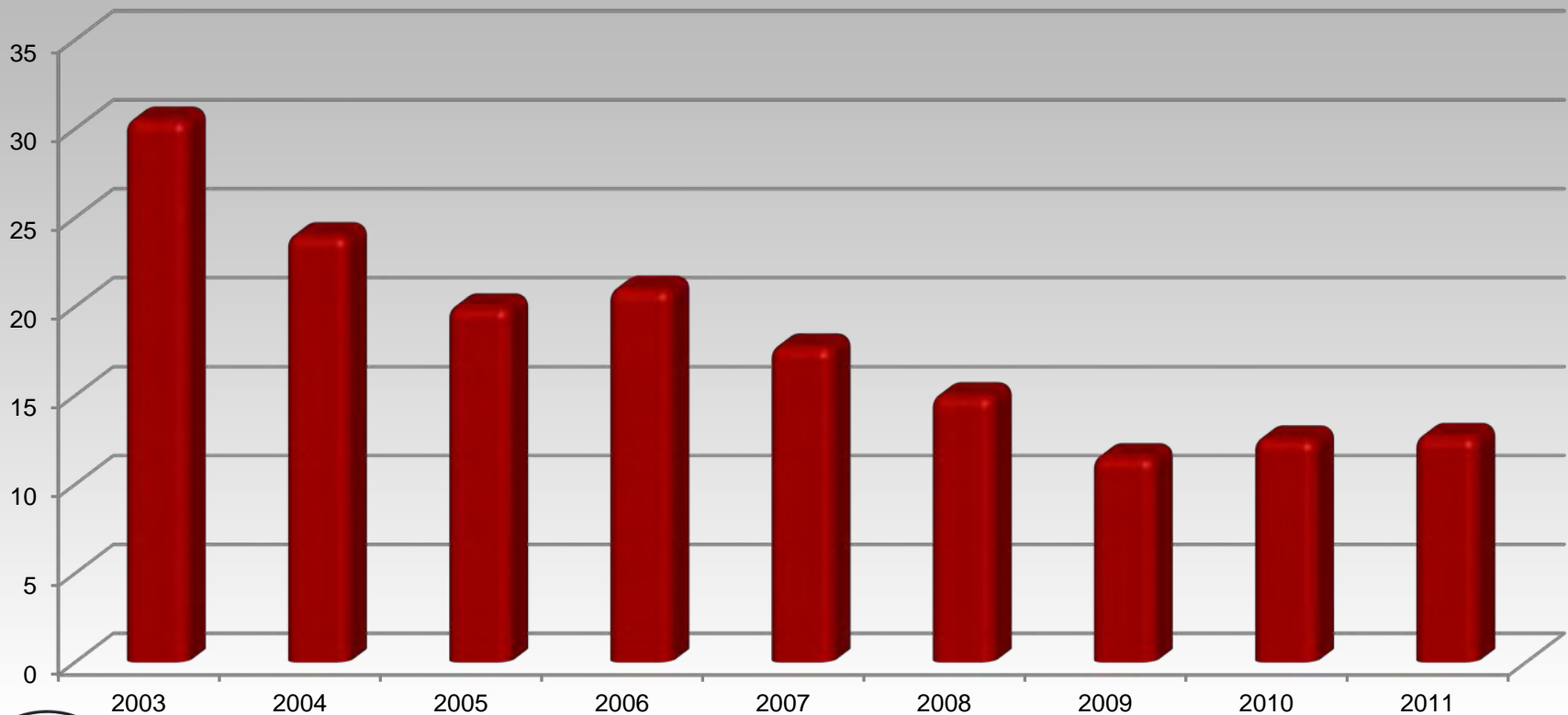
# DRY-BULK FLEET AGE

Retirement of older ships and addition of Equinox fleet will see the average age of our Domestic Dry-Bulk fleet reduced substantially by 2015.



# TANKER FLEET AGE

Algoma's investment in double-hulled vessels has also reduced the age of our Domestic Tanker fleet.





# THE EQUINOX CLASS IS GREEN

- 45% More Fuel Efficiency (per t/km)
- 45% Less GHGs (per t/km)
- 97% Less SOx – first installation of shipboard scrubbers on the Lakes





# SUSTAINABILITY

## Operations Excellence

Quality performance includes cost control, reduced incidents and minimized non-productive time

**Don't hurt • Don't spill • Don't damage**

Operate modern assets and maintain at peak condition





# DOMESTIC DRY-BULK

## Algoma Dry-Bulk

Owns and operates 25 vessels with 4  
Equinox Class and 2 CWB Equinox Class on  
order

Algoma Ship Repair

- Algoma is the **largest owner and operator** of vessels on the Great Lakes / St. Lawrence Waterway
- Aggressively **investing** in new Equinox Class ships (1 in 2013, 2 in 2014, 5 in 2015)
- Algoma Ship Repair is the largest top-side ship repair company covering the Great Lakes





# PRODUCT TANKER

## Algoma Tankers Limited

Owns and operates 7 domestic product tankers

## Algoma Tankers International Inc.

Owns and operates 1 foreign-flag product tanker currently chartered to Canadian operations

- Algoma owns and operates the **largest** and **most modern** fleet of product tankers on the Great Lakes / St. Lawrence Waterway
- **Invested \$200 million** since 2000 in double-hulled vessels
- Operate internationally through the Brizo8 product tanker pool



# DRY – BULK CUSTOMERS

## Diversified Customer Base

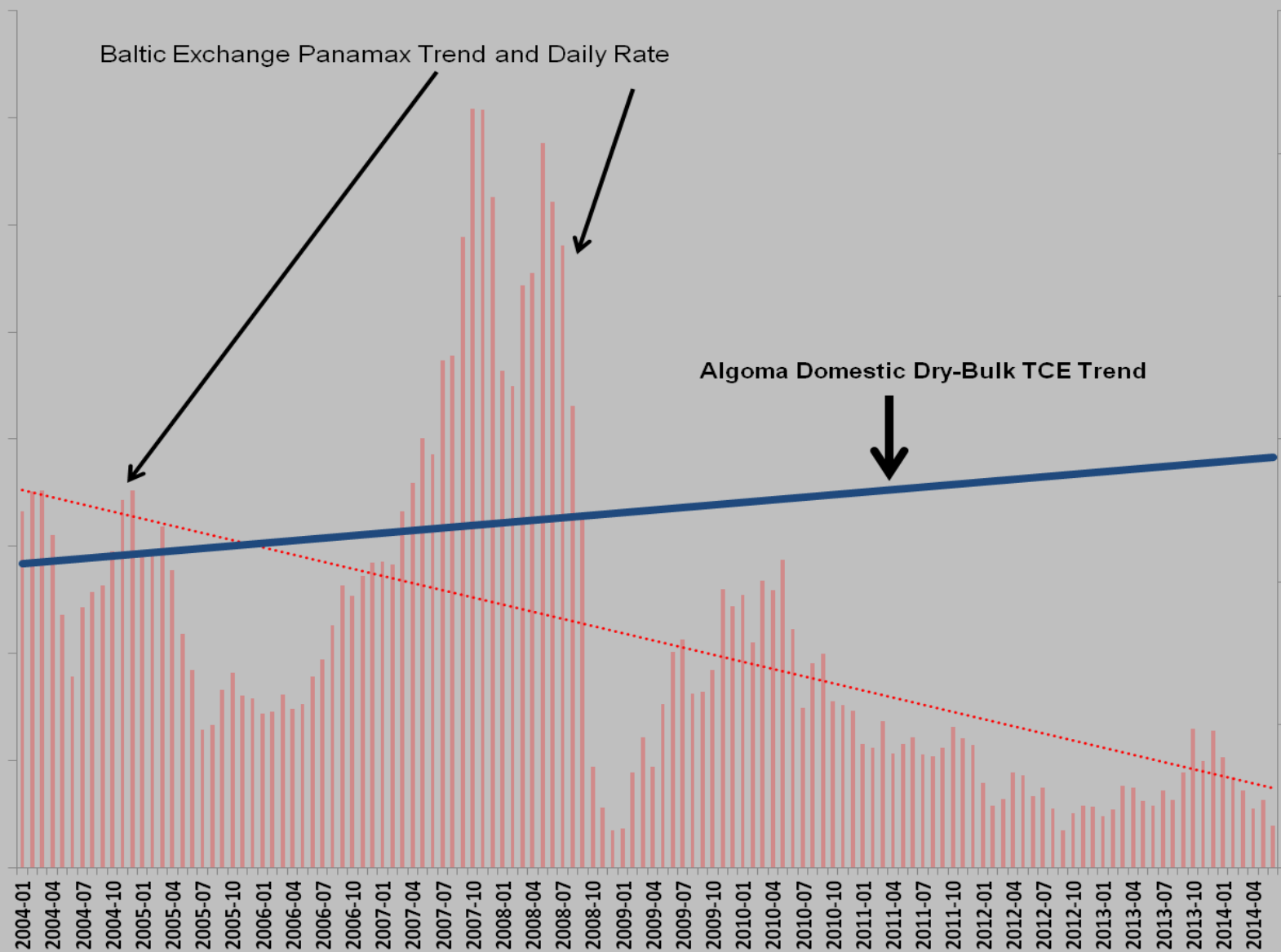


## Favourable Contract Terms

- Excess of 90% of Algoma's revenue is **under contract**
- Average length of **3-5 years**
- Include **price escalation clauses**, typically tied to inflation rates
- **Limited fuel cost risk** as it is generally borne by customer



# STABLE AND PREDICTABLE





# LONG-TERM IOL RELATIONSHIP

Established Key Customer Relationship



Imperial Oil

Invested to Improve Fleet

- Fleet acquired from Imperial Oil in 1998
- Algoma has invested to replace and upgrade **all** ships with **double-hulled** vessels
- Acquired the *Algonova* and *Algocanada* in 2009/2010 and *Algoscotia* in 2004
- **Expanded capacity** to enable Algoma Tankers to service other oil majors in the market





# OCEAN DRY-BULK

## **Algoma Shipping Ltd.**

Owens and operates 2 foreign-flag self-unloaders

## **Marbulk Canada Inc.**

### **/ Marbulk Shipping Ltd.**

Owens and operates 3 foreign-flag self-unloaders

- Ocean Shipping vessels are members of the **world's largest pool** of ocean-going self-unloaders
- Trade primarily on east and west **coasts of the Americas**



# INTERNATIONAL POOL

## Diversified Customer Base

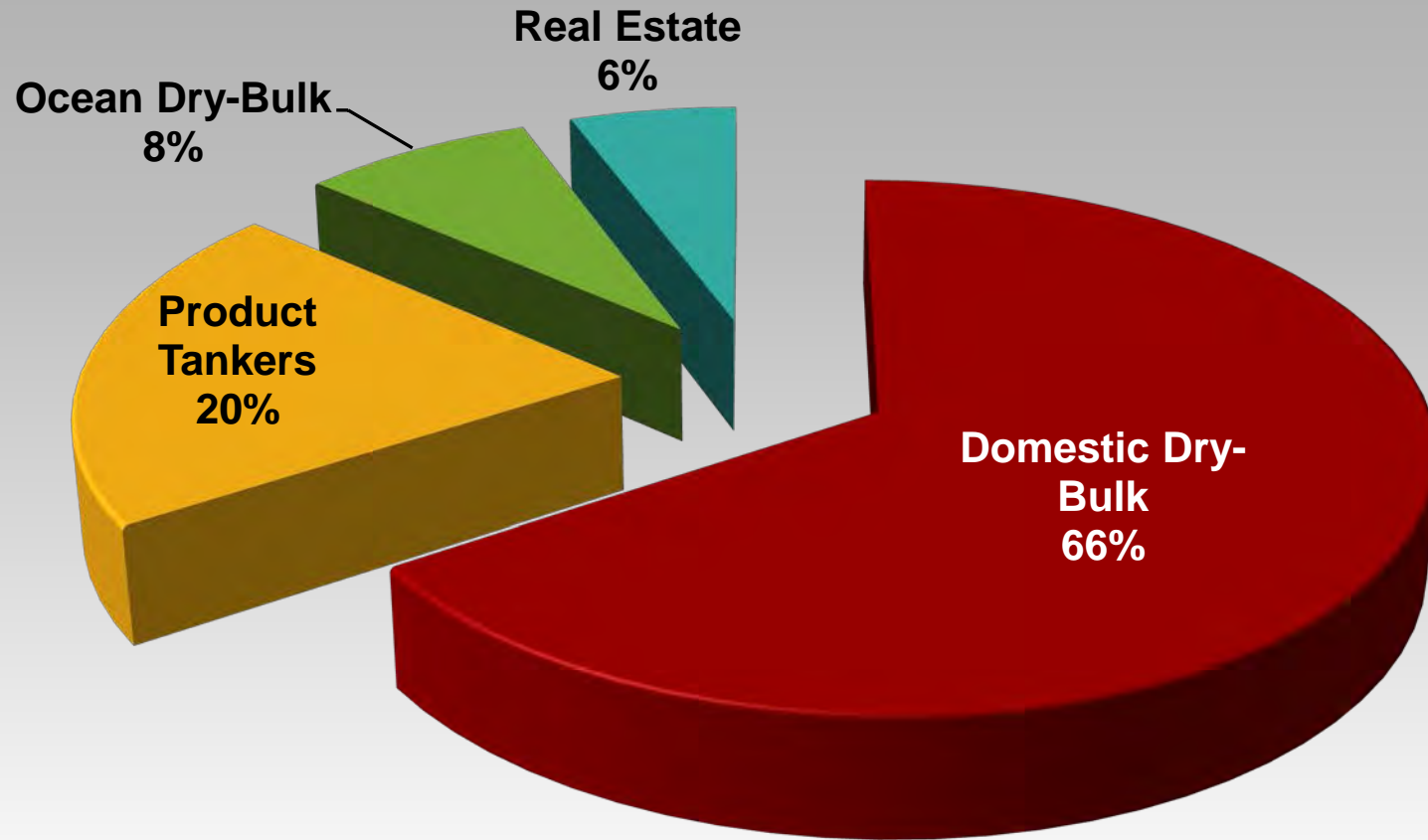


## Favourable Contract Terms

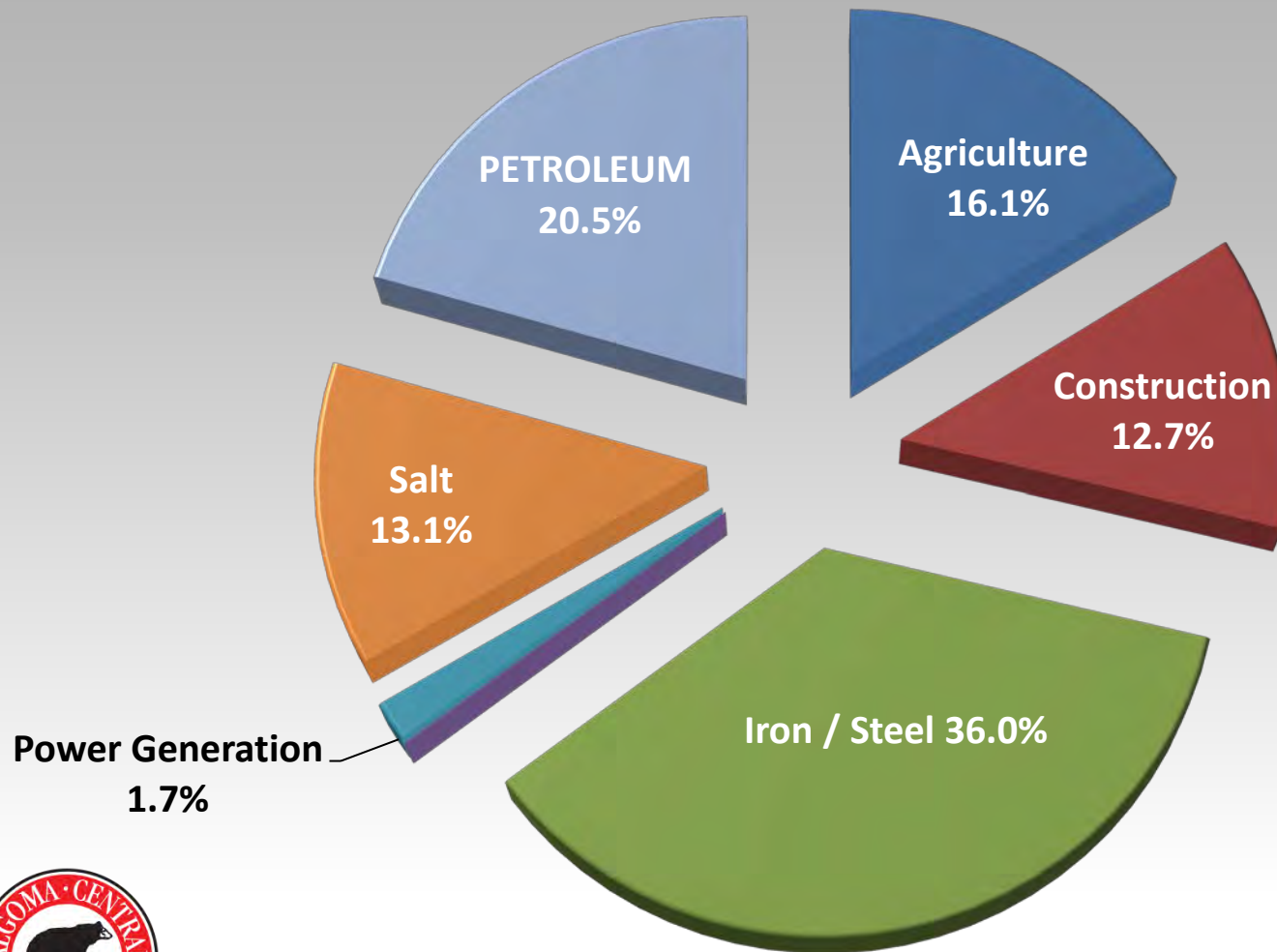
- A member in the CSL Americas Pool
- **Long relationships** with top-ranked industrial customers
- Most customers are under **3 to 5 year contracts**
- Contracts contain **volume thresholds** or are exclusive or preferred provider style contracts



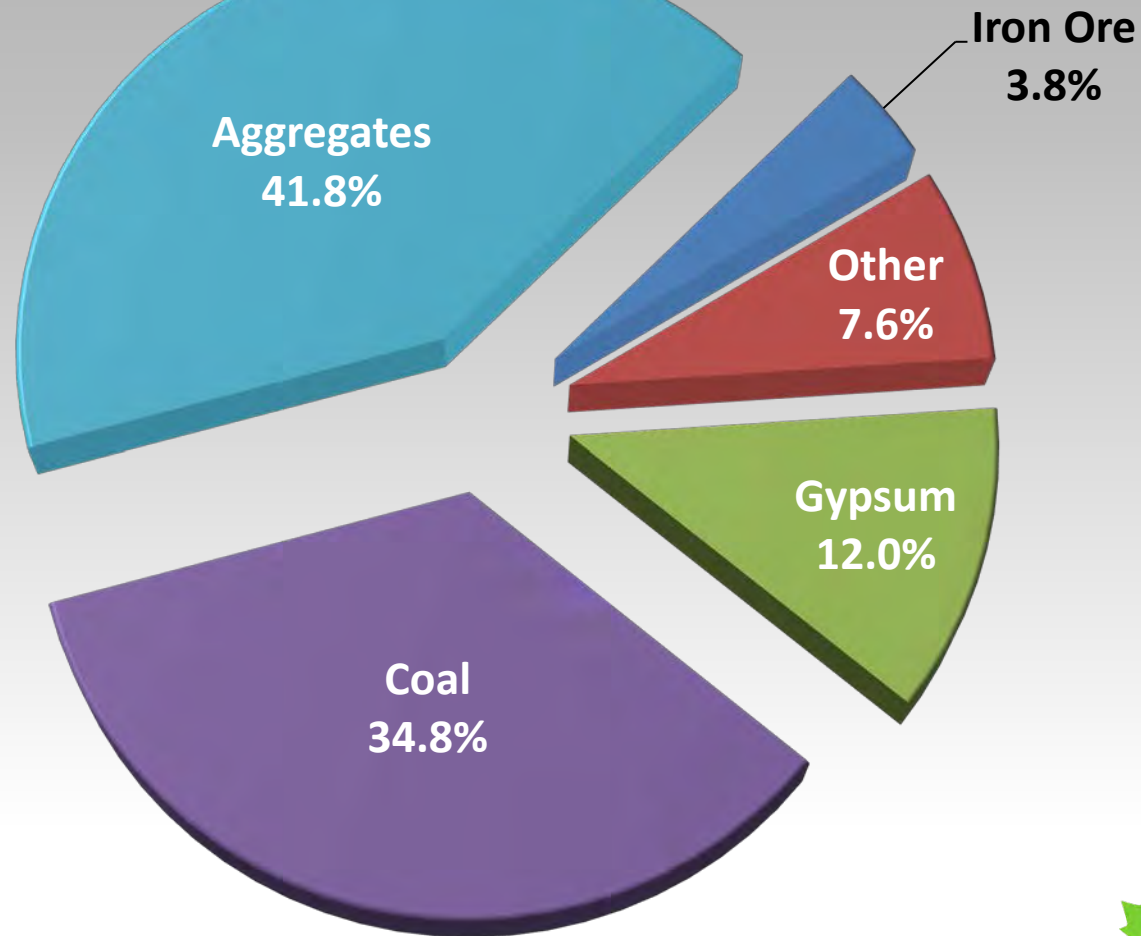
# 2013 REVENUES - C\$491M



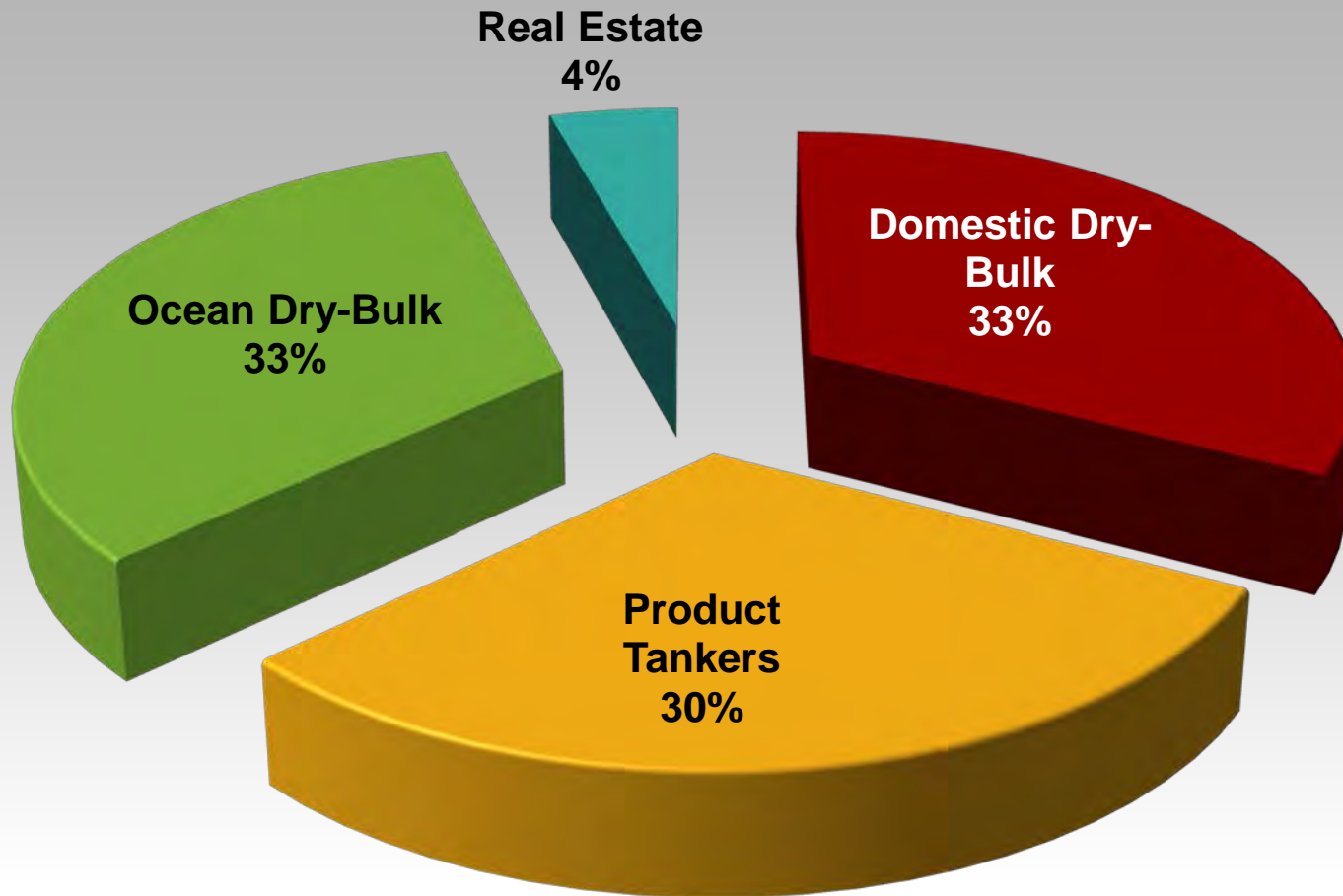
# ALGOMA'S DOMESTIC MARKETS



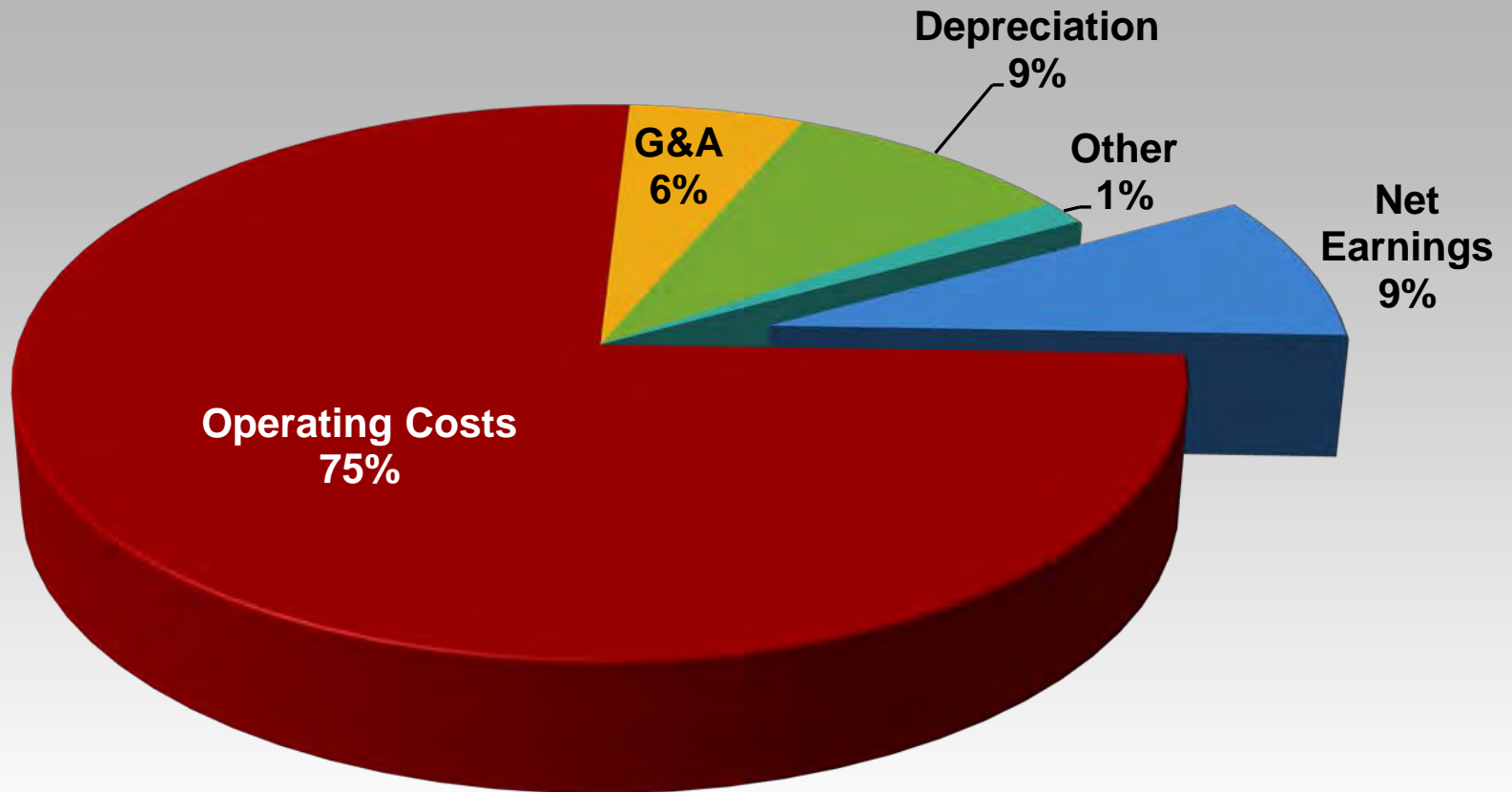
# ALGOMA'S OCEAN MARKETS



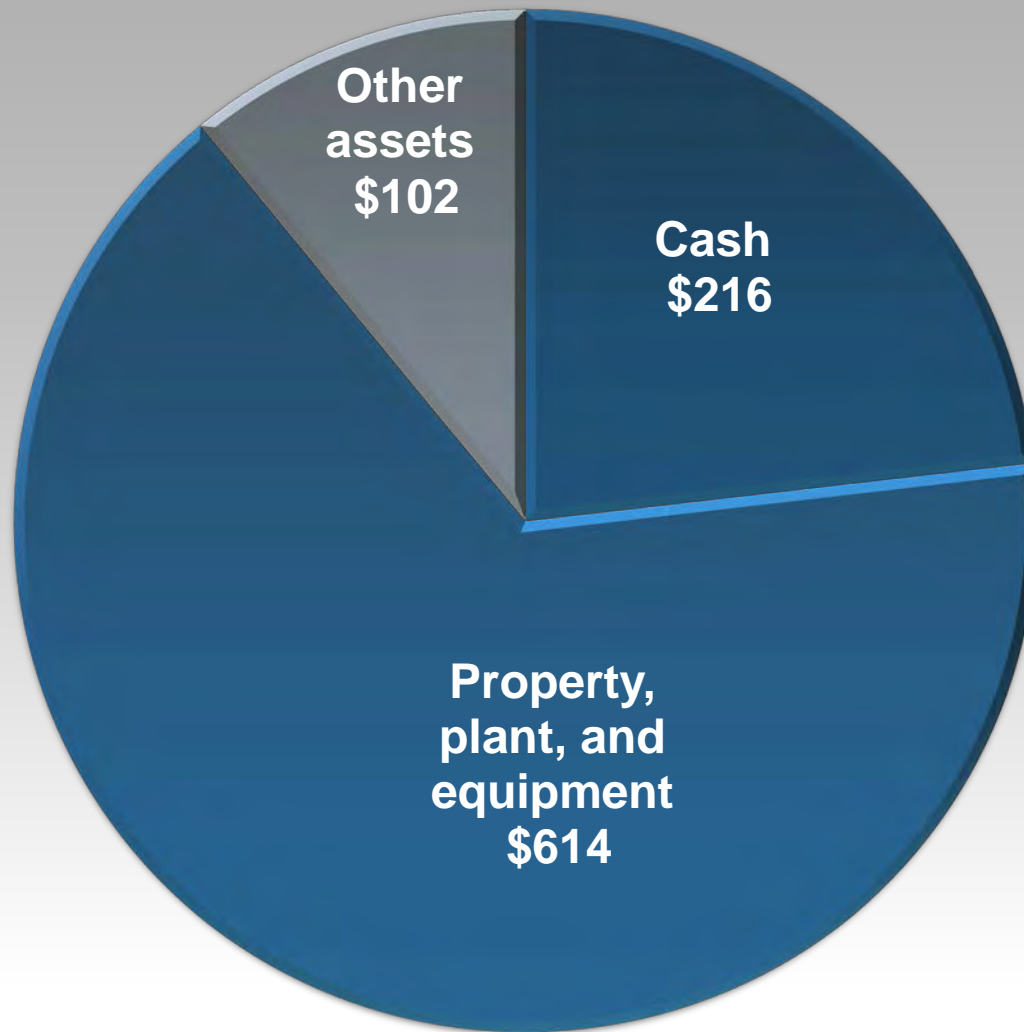
# 2013 SEGMENT EARNINGS - C\$46M



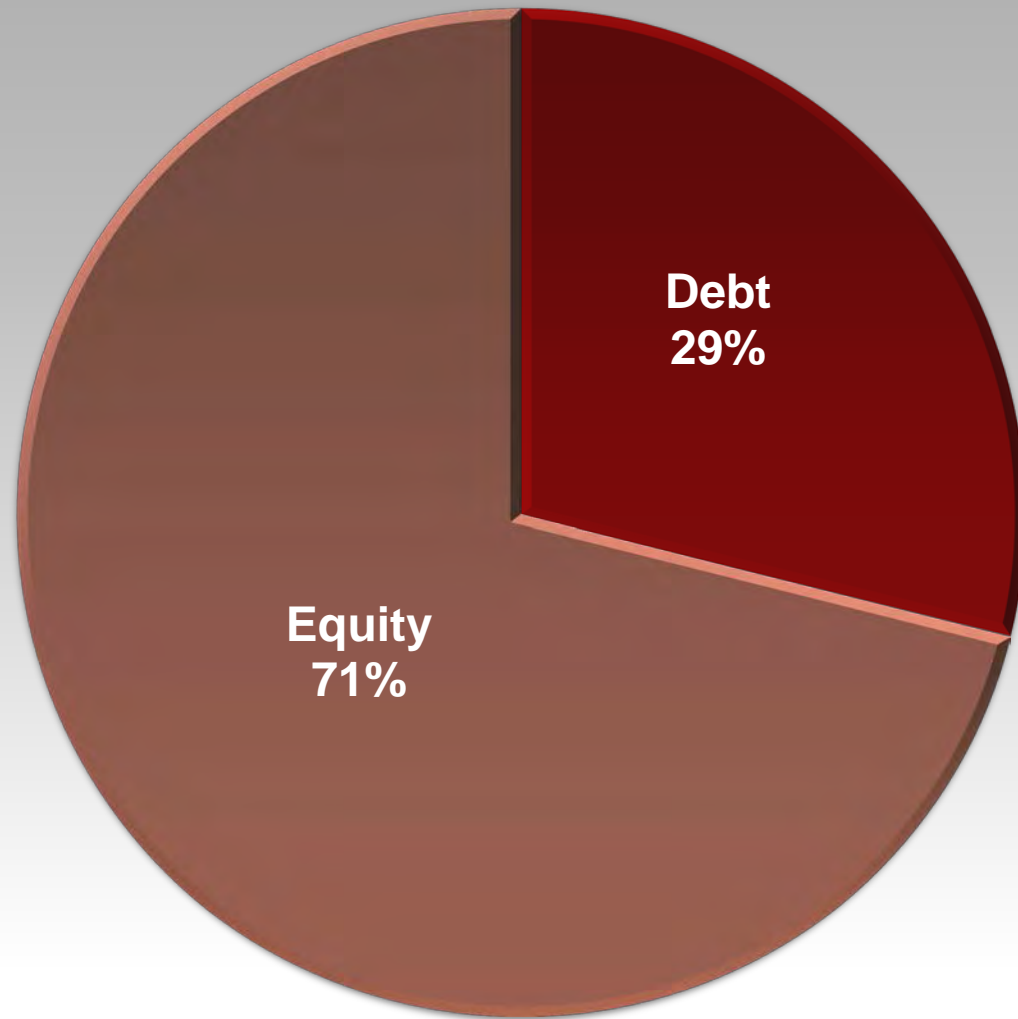
# HOW REVENUES ARE USED



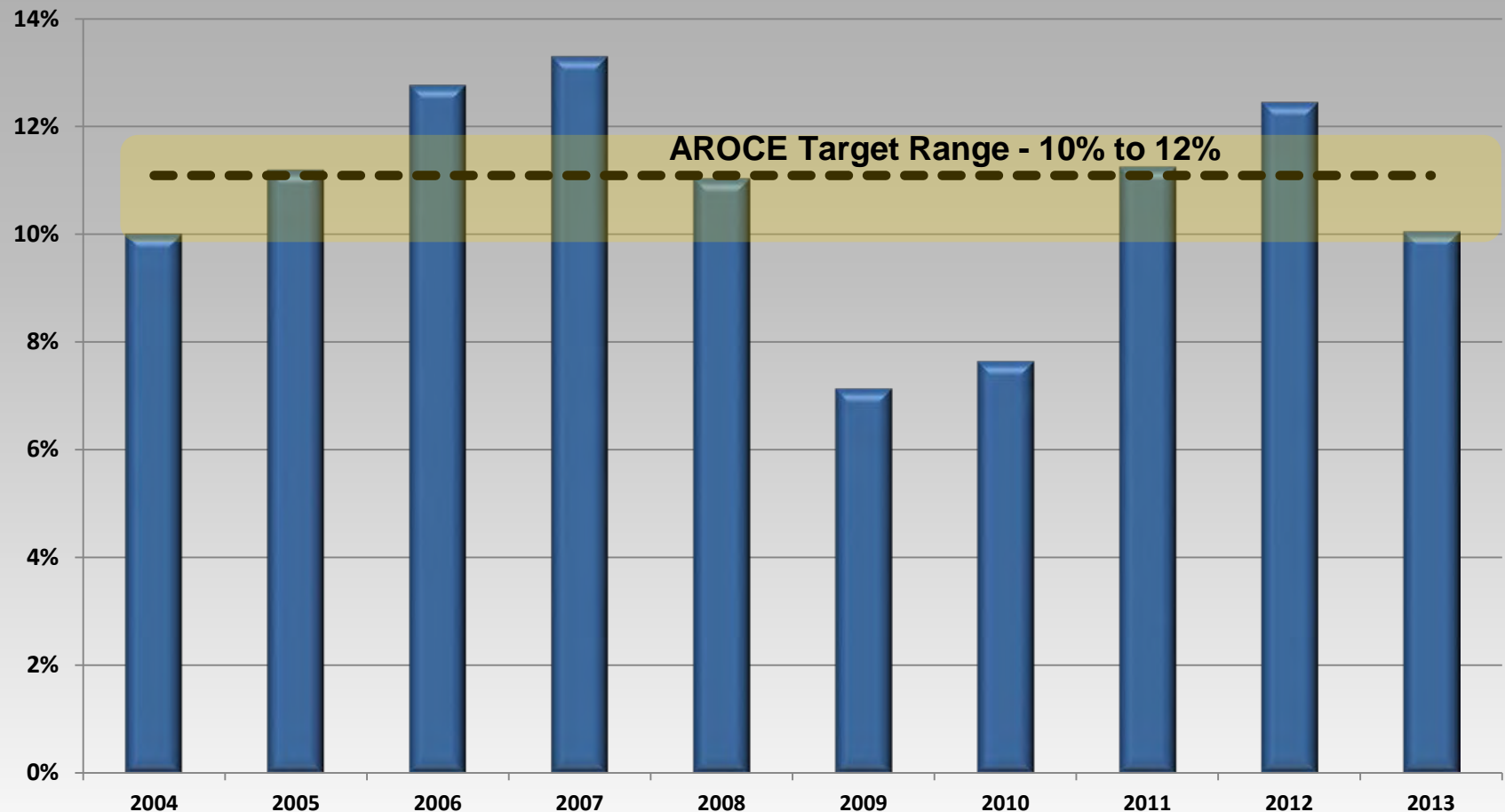
# STRONG ASSET BASE



# WELL CAPITALIZED



# GENERATING RETURNS



■ Adjusted ROCE \*    -- Average AROCE (11.1%)

\* Adjusted Capital excludes excess cash and deposits for vessels under construction

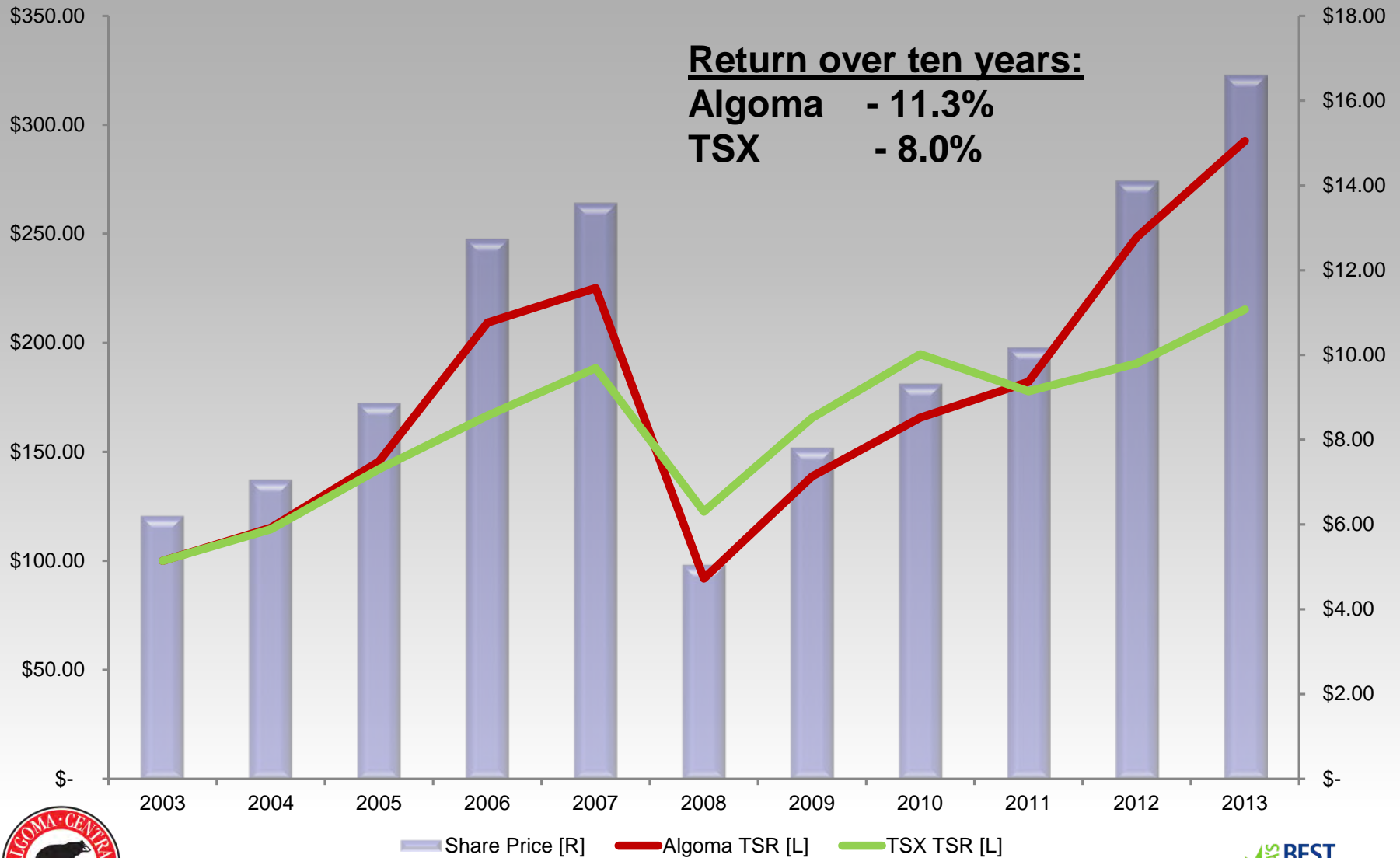




# DIVIDEND RECORD



# TOTAL SHAREHOLDER RETURN



# REAPING AWARDS





# OPPORTUNITIES

- Our investment in Equinox Class vessels
  - Substantial contribution to operating margins and profitability
- Leverage to growing confidence in US recovery
  - One-third of our domestic revenues are related to exports
- Strong cash generation
  - Well positioned to take advantage of opportunities as they arise





# INVESTMENT THESIS

**Leader in Our Markets**

**Solid Financial and Operating Performance**

**Diversified, Dependable Customer Base**

**Well Capitalized**

**Investing for a Sustainable Future**

**Strong History of Dividends**





QUESTIONS?

# LINKS TO LEARN MORE

- Our Website – [www.algonet.com](http://www.algonet.com)
- To learn more about domestic shipping at the Chamber of Marine Commerce – [www.marinedelivers.com](http://www.marinedelivers.com)
- To learn more about the Seaway - [www.seaway.ca](http://www.seaway.ca) and [www.greatlakes-seaway.com](http://www.greatlakes-seaway.com)
- To learn more about marine shipping and the environment through Green Marine – [www.green-marine.org](http://www.green-marine.org)





THANK YOU