

# ANNUAL GENERAL MEETING

MAY 3, 2013



# “Charting a Course to the Future”



# Canada's Best Managed Companies

Charting a course to the future



Propelled by an experienced workforce dedicated to the pursuit of operations excellence

Algoma Central Corporation  
Proud to be named one of  
Canada's Best Managed Companies

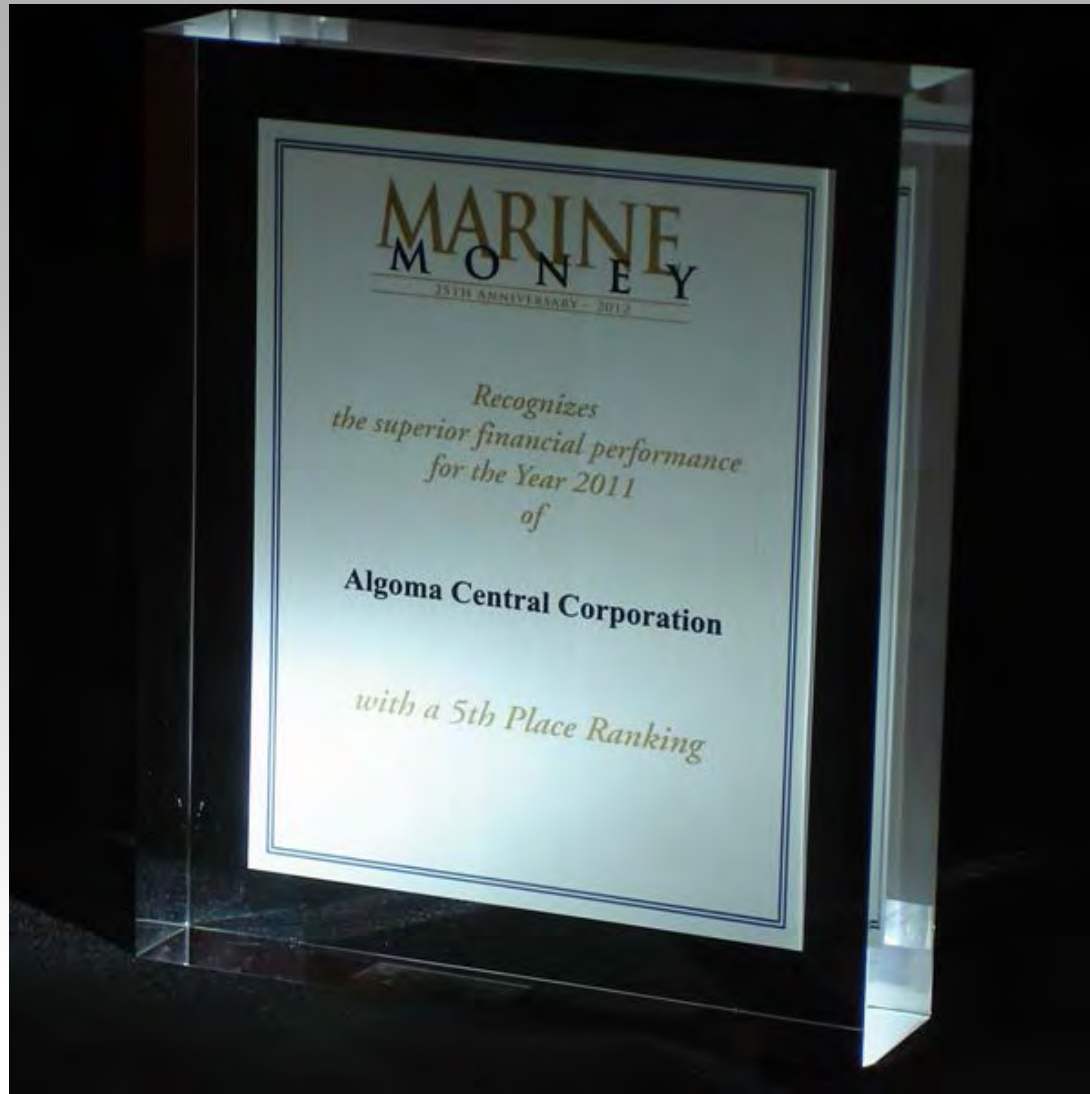


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# Marine Money Award



# 4<sup>th</sup> Customer Satisfaction Survey

## SATISFACTION PULSE SURVEY

Customer Satisfaction Study  
Follow-up Survey- Dry Bulk  
May 2012

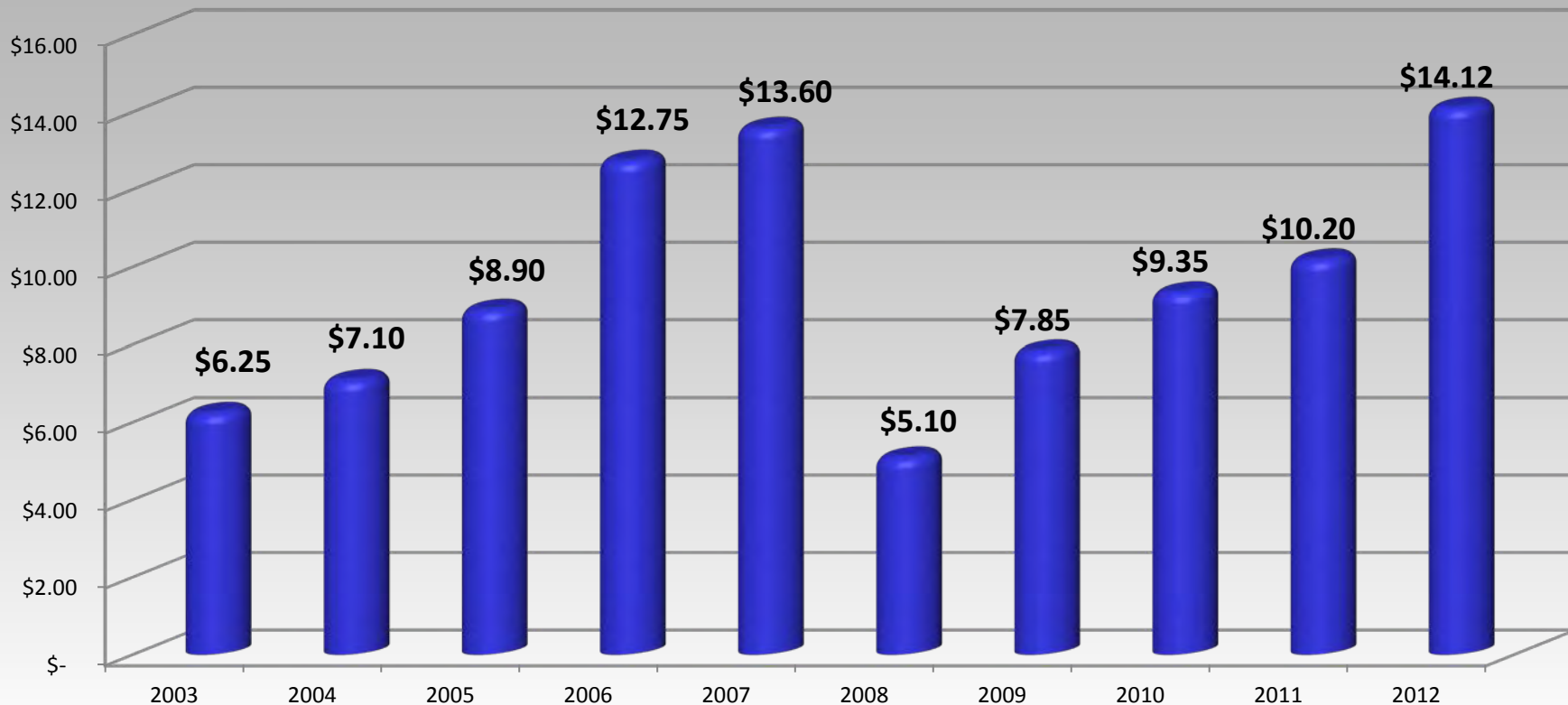
innotech  
MARKET  
RESEARCH  
LTD

MAXIMIZING CUSTOMER SATISFACTION



# Share Split

## Ten-Year Share Price - Reflecting Split



# Algoma Equinox





# Algoma Equinox Naming





# Algoma Equinox Naming



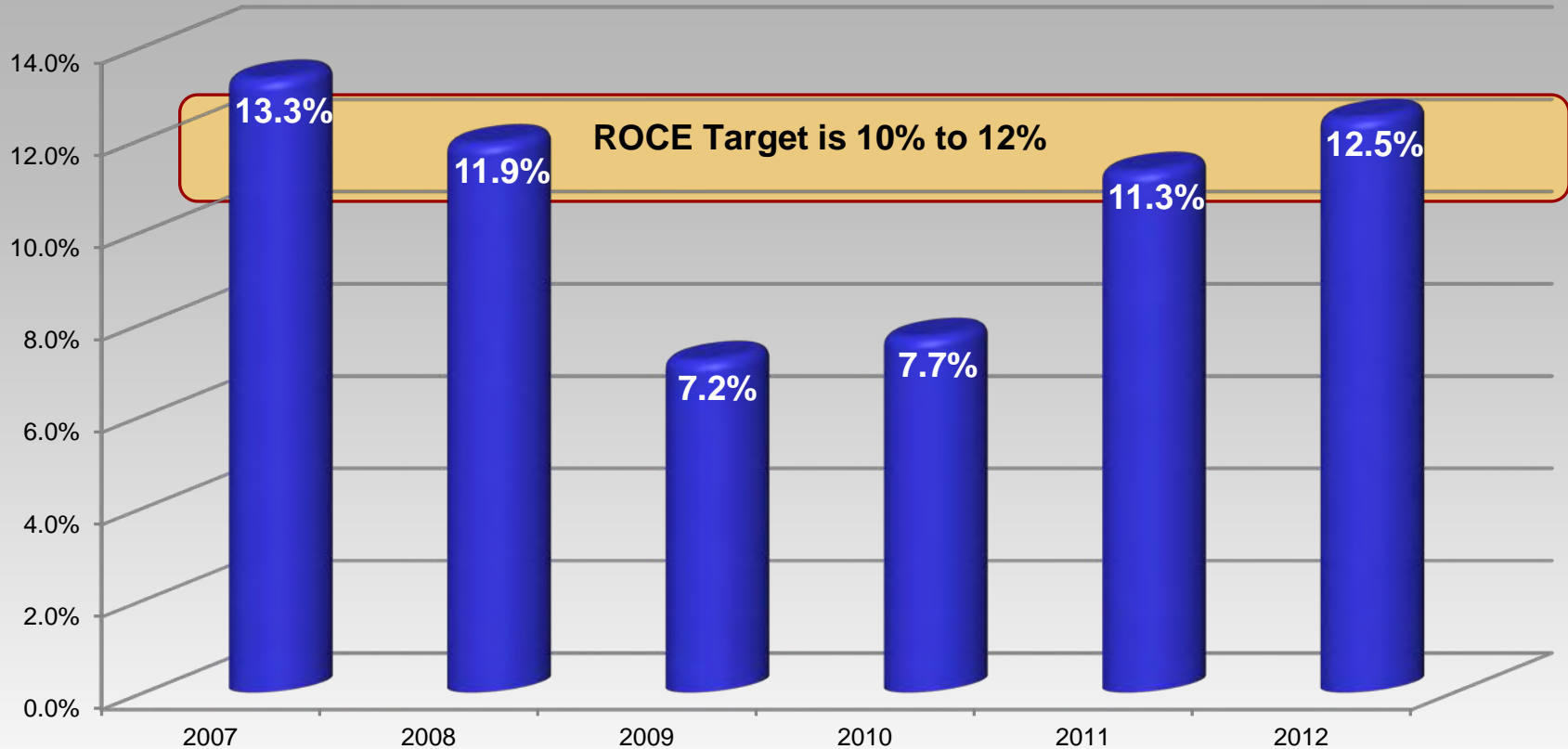
**The Algoma Equinox Launch Video can be found at**

**<http://www.algonet.com/The-Corporation/Media-Room/Equinox-Video-Gallery/>**



# ROCE Improvement Plan

## Six Year Trend of Adjusted Return on Capital Employed





# 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 made 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, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors" in our current Annual Information Form: the impact of arbitration or judicial proceedings to which we are a party, significant competition in the shipping industry and other transportation providers, impact of unionized environment on labour costs, reliance on commercial pooling relationships, on-time and on-budget delivery of new ships, and appropriate maintenance and repair of our existing fleet, government regulations affecting the cost of environmental, health, and safety compliance, a change in other applicable laws and regulations, the risk that foreign exchange rates have an adverse impact on our results and ability to pay our debt, 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 when required, extreme weather conditions or natural disasters, our dependence on our ability to attract and retain quality employees, the seasonal nature of our business.

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 May 3, 2013.



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





# Algoma Central Corporation

## Domestic Dry-Bulk

### Algoma Dry-Bulk

Pool of 26 vessels plus 6 Equinox Class & 2 CWB Equinox Class on order  
100%

### Algoma Ship Repairs

Vessel refurbishment and steel fabrication  
100%

## Product Tankers

### Algoma Tankers Limited

Owns 7 domestic tankers  
100%

### Algoma Tankers International Inc.

Owns 1 foreign flag tanker  
100%

## Ocean Shipping

### Algoma Shipping Ltd.

Owns 2 foreign flag self-unloaders & 3 bulkers (on Bareboat Charter to Dry-bulk)  
100%

### Marbulk Canada Inc. / Marbulk Shipping

Owns 4 foreign flag self-unloaders  
50%

## International Pool

## Real Estate

### Algoma Central Properties Inc.

Owns and manages properties in Sault Ste. Marie, St. Catharines, Waterloo  
100%



# Segment Earnings, after tax

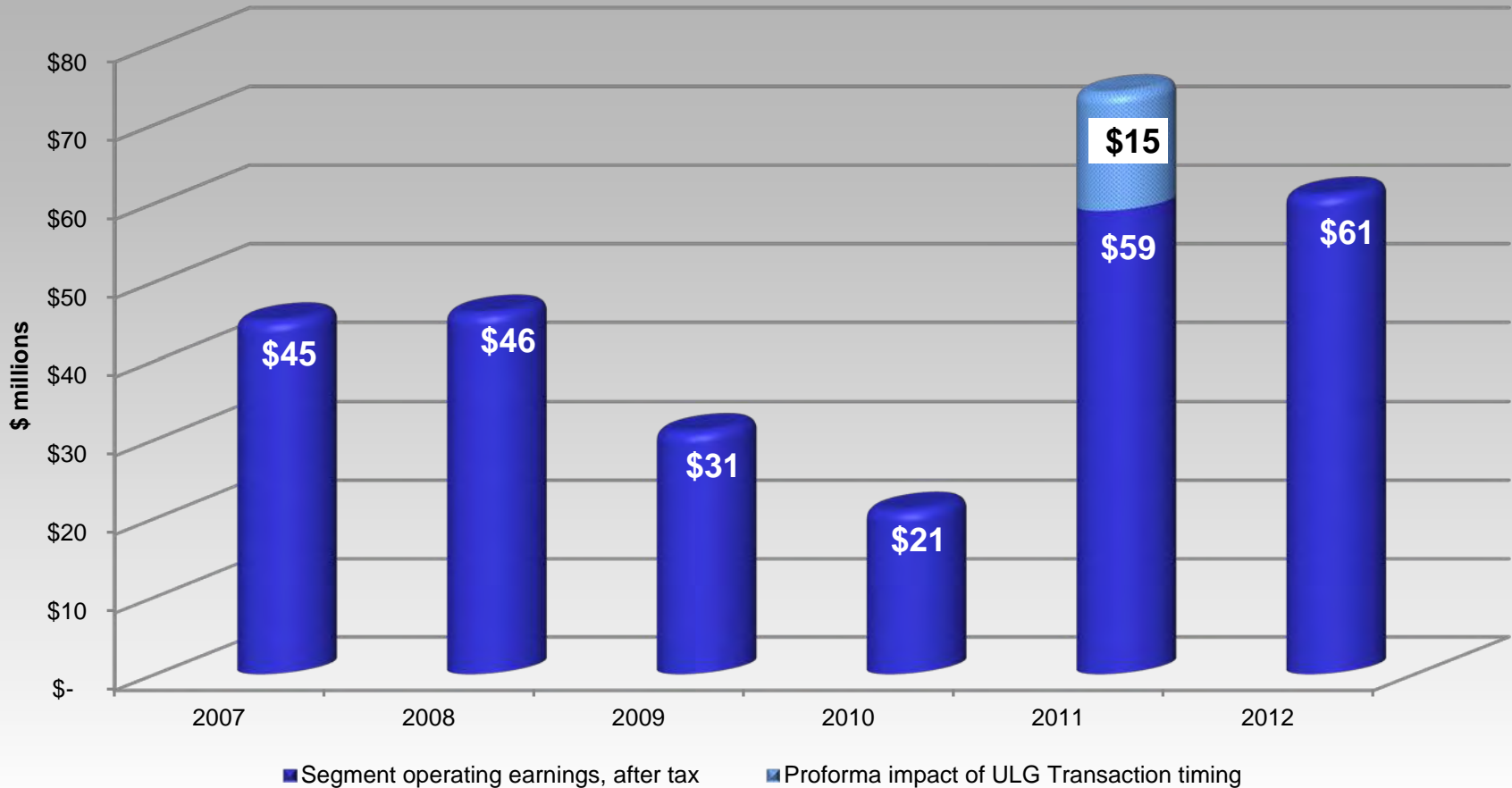
	Year Ended December 31	
	2012	2011
Domestic Dry-Bulk	\$ 31,644	\$ 36,573
Product Tankers	9,270	13,695
Ocean Shipping	14,999	15,476
Real Estate	3,114	3,383
Impairment reversals	750	4,501
Segment Earnings, after tax	59,777	73,628
Pro-forma impact of ULG Transaction	-	(15,067)
Pro-Forma Segment Earnings, after tax	\$ 59,777	\$ 58,561





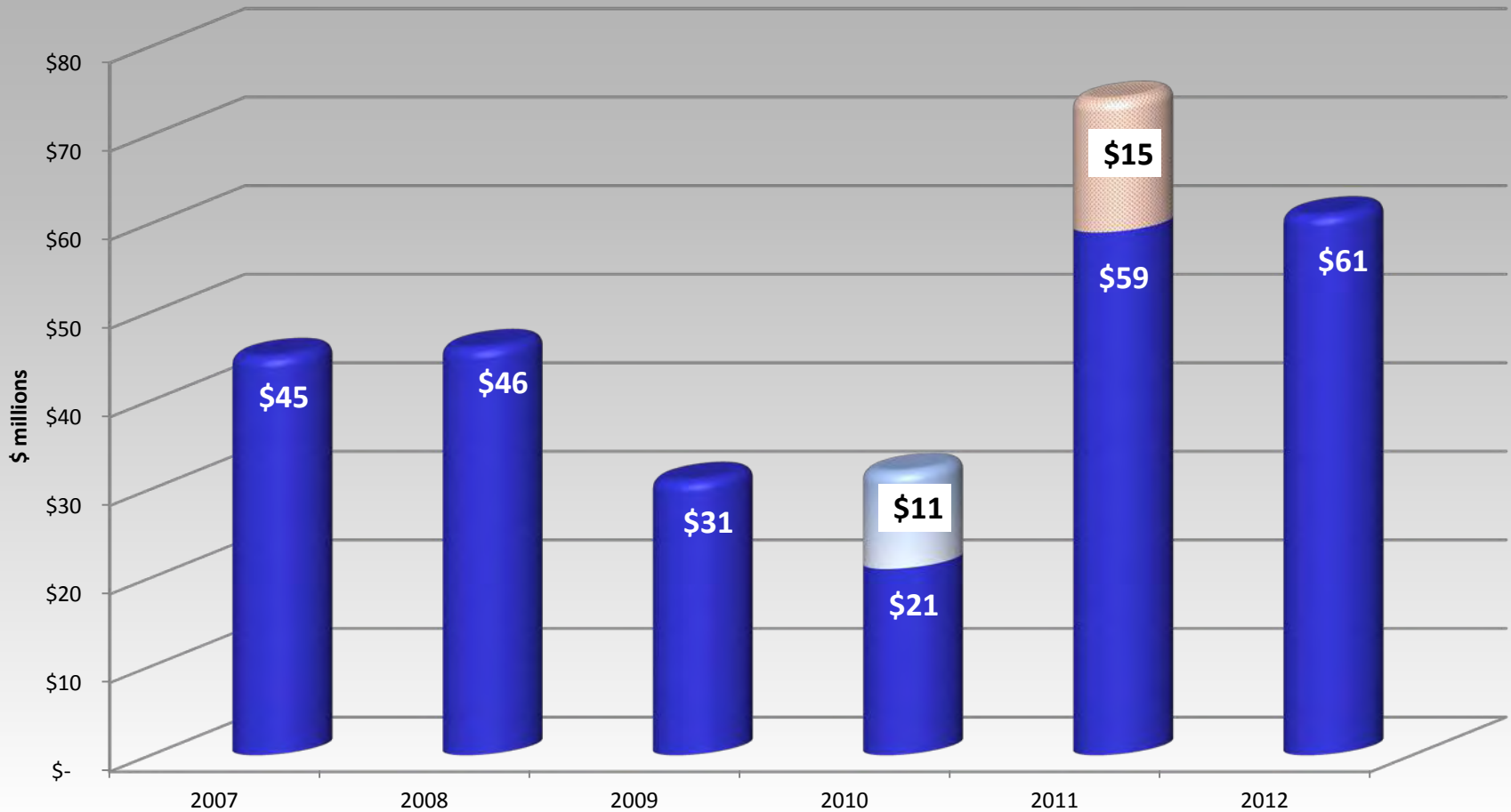
# Segment Earnings

## Six Year Trend for Combined Segment Earnings, After Tax



# Segment Earnings

## Impact of Valuation Adjustments on 2010



■ Segment operating earnings, after tax

■ Proforma adjustments



# Impact of ULG Transaction on 2011

## Impact of ULG Transaction on 2011

	Net Earnings	Basic EPS
2011 Results as reported	\$ 68,844	\$ 1.77
Pro-forma impact of ULG Transaction timing	<u>(15,067)</u>	<u>(0.39)</u>
Pro-Forma 2011 Results	<u>\$ 53,777</u>	<u>\$ 1.38</u>
2012 Results as reported	<u>\$ 43,819</u>	<u>\$ 1.13</u>





# Revenues

## Six Year Trend for Revenue



# Pro-Forma Domestic Dry Bulk

	Year Ended December 31	
	2012	2011
Revenue, as reported	\$ 375,553	\$ 389,172
Partner's share of revenue not incl.	-	13,300
<b>Pro-Forma revenue</b>	<b>\$ 375,553</b>	<b>\$ 402,472</b>
<hr/>		
Segment operating earnings, after tax	\$ 31,644	\$ 36,573
Pro-forma impact of acquisition timing	-	(15,067)
<b>Pro-Forma segment earnings</b>	<b>\$ 31,644</b>	<b>\$ 21,506</b>



# Algoma Product Tankers

Year Ended December 31

2012

2011

Revenue

\$ 87,164

\$ 88,436

Segment operating earnings, after tax

\$ 9,270

\$ 13,695





# Algoma Ocean Shipping

Year Ended December 31

	2012	2011
Revenue	\$ 67,668	\$ 75,089
Segment operating earnings, after tax	\$ 14,999	\$ 15,476



# Algoma Central Properties

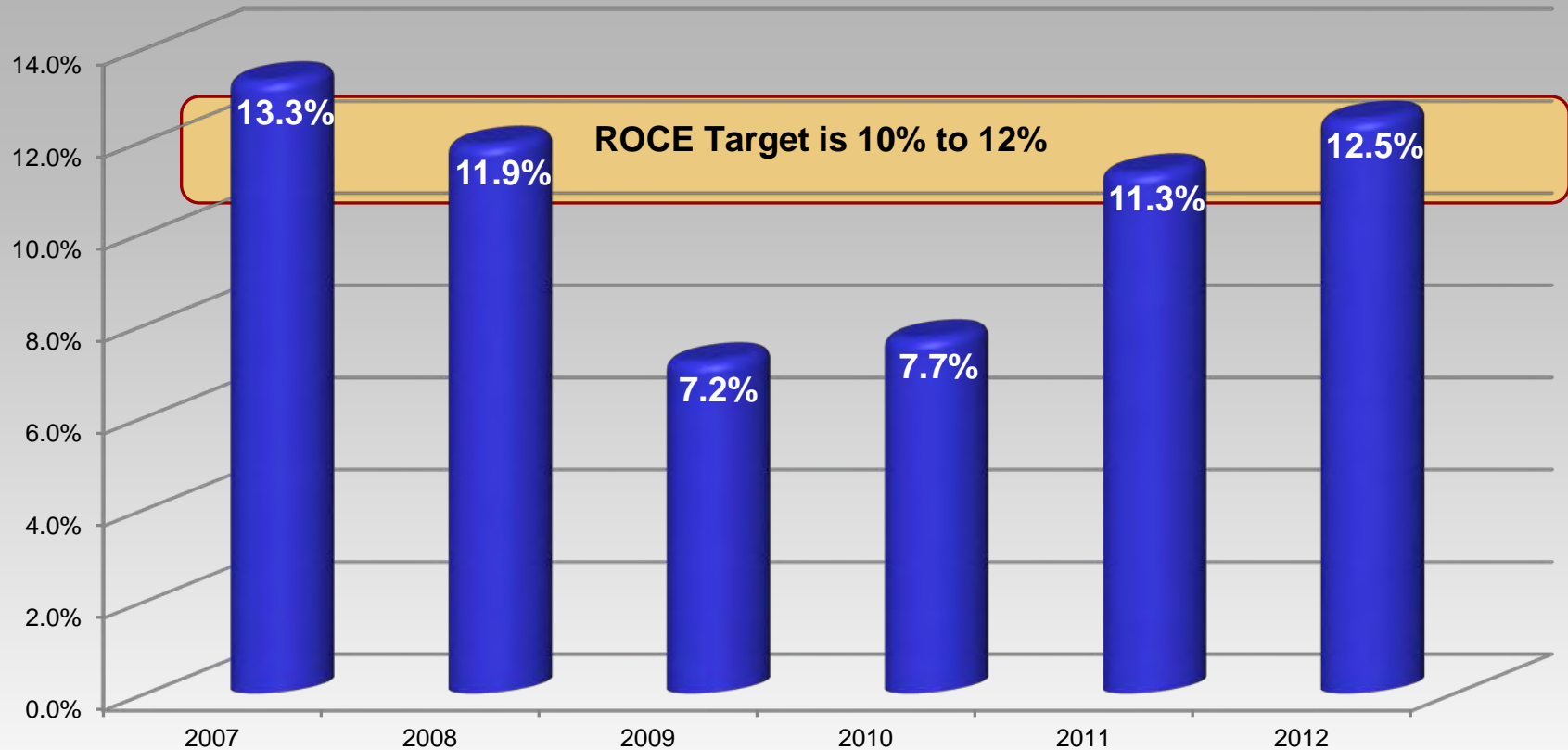
Year Ended December 31

	2012	2011
Revenue	\$ 29,992	\$ 29,993
Segment operating earnings, after tax	\$ 3,114	\$ 3,383

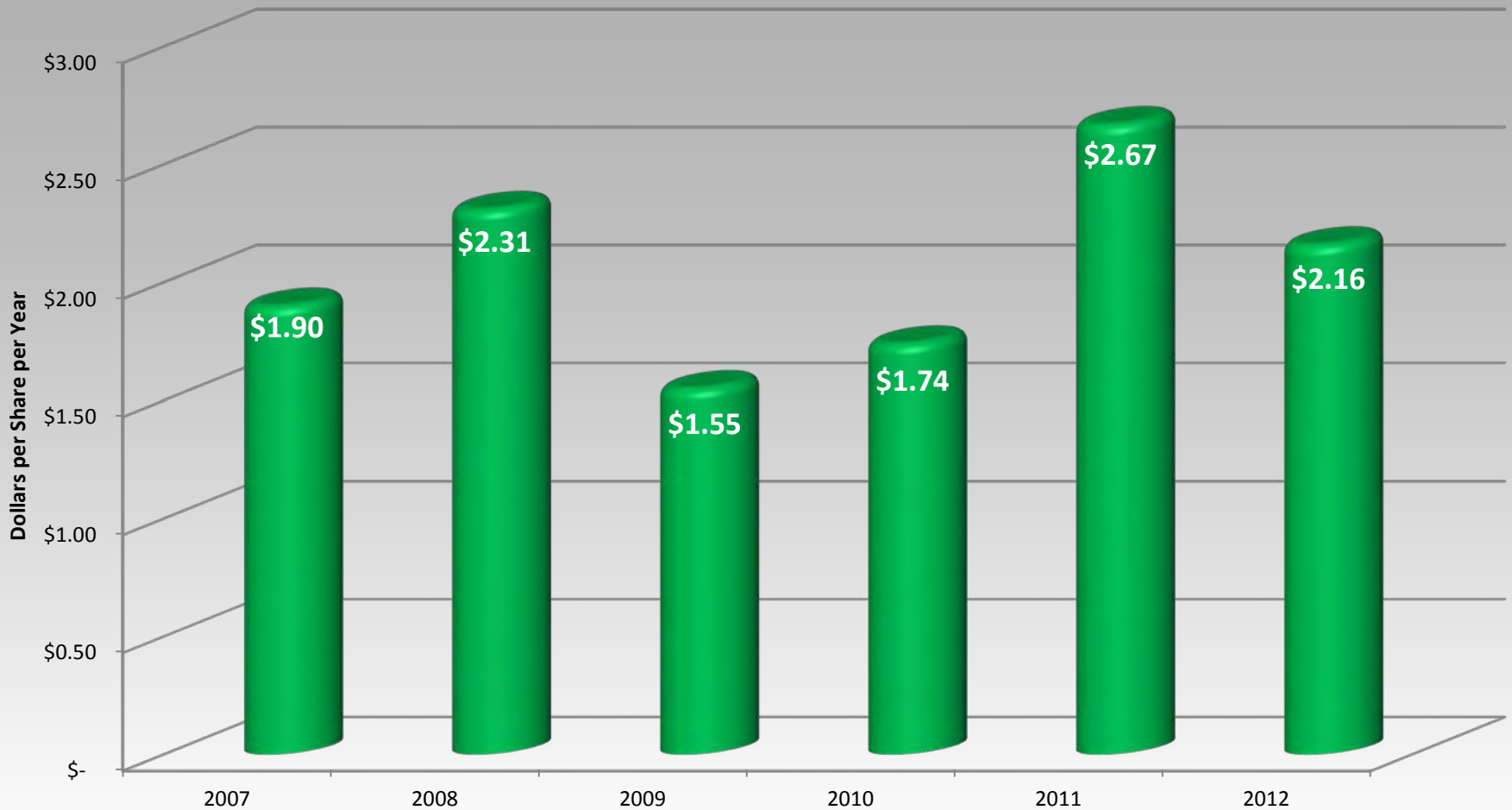


# Adjusted Return on Capital Employed

## Six Year Trend of Adjusted Return on Capital Employed



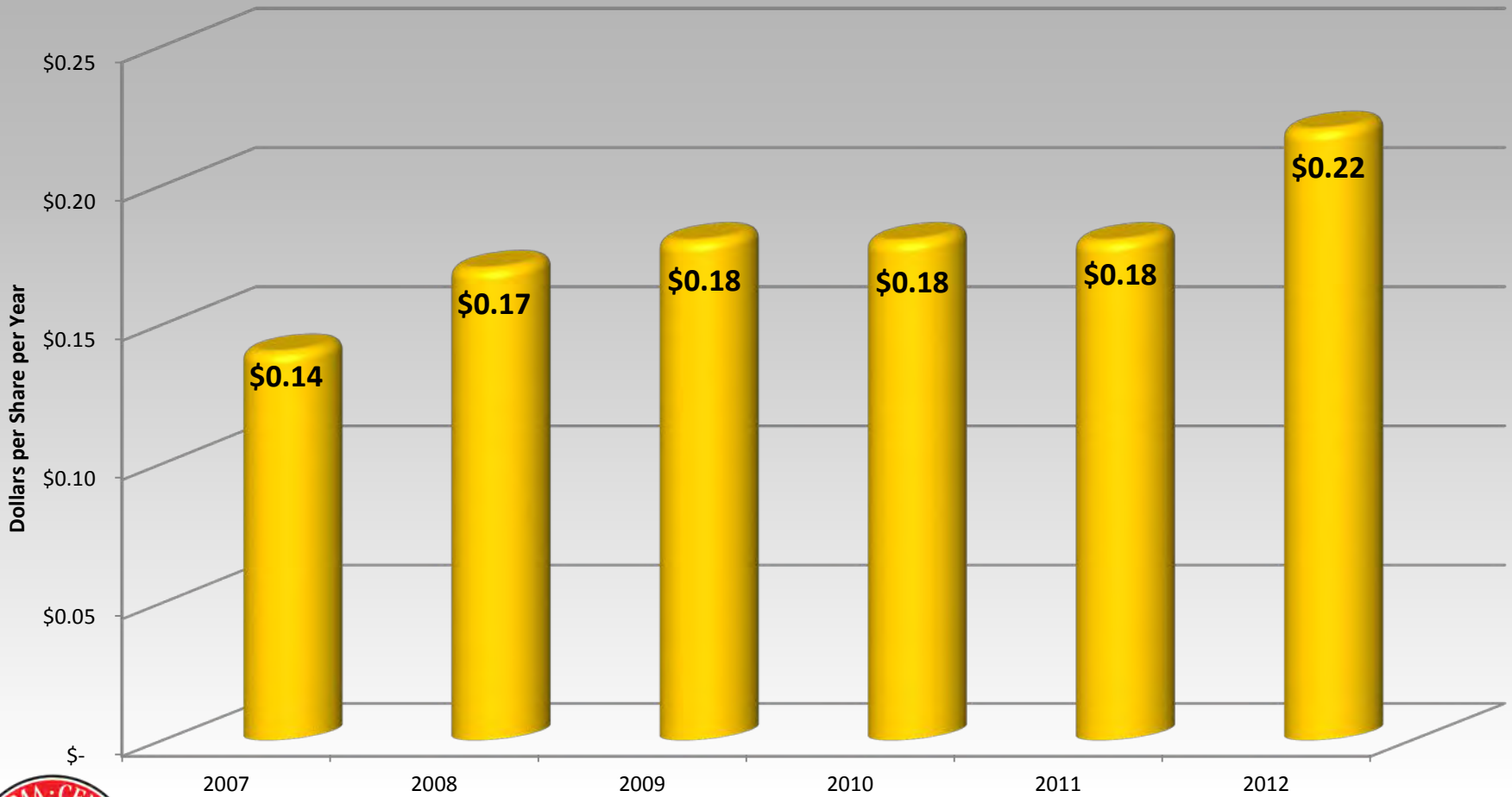
# Cash Flow





# Dividends

## Six Year Trend for Dividends per Share





# Algoma Central Corporation

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# Fiscal 2013 Q1 Results

Three Months Ended March 31

	2013	2012
Revenue	\$50,757	\$56,951
Net Loss	(\$28,635)	(\$31,959)
Loss per Share	(\$ 0.74)	(\$ 0.82)



# Domestic Dry-Bulk Q1

Three Months Ended March 31

	2013	2012
Revenue	\$ 15,081	\$ 22,352
Segment operating loss, after tax	(\$ 31,855)	(\$ 34,929)

## Key Drivers -

Lower winter maintenance costs and depreciation

Fewer operating days impact on revenue



# Product Tankers Q1

Three Months Ended March 31

	2013	2012
Revenue	\$ 19,433	\$ 17,100
Segment operating earnings, after tax	\$ 1,442	\$ 443

## Key Drivers -

Strong customer demand led to more operating days  
Fewer days spent in regulatory dry-dock than 2012





# Ocean Dry-Bulk Q1

Three Months Ended March 31

	2013	2012
Share of Pool revenues	\$ 15,489	\$ 19,192
Consolidated revenues under IFRS	\$ 9,450	\$ 10,194
Segment operating earnings, after tax	\$ 3,505	\$ 4,504

## Key Driver -

Sale of *Ambassador* in late 2012

Difficult conditions in January and February 2013



# Algoma Properties Q1

Three Months Ended March 31

	2013	2012
Revenue	\$ 6,976	\$ 7,487
Segment operating earnings, after tax	\$ 417	\$ 863

## Key Driver -

Difficult winter season for hotel occupancy



# Looking Forward

- Sustainability Report
- Environmental Regulations
- JZU
- Equinox Arrivals







# 2013 SUSTAINABILITY REPORT

CHARTING A COURSE TO THE FUTURE



# Environmental Regulations

- **Emission Control Area (ECA)**
- **Ballast Water Treatment Systems**





# Looking Forward

- Sustainability Report
- Environmental Regulations
- **JZU**
- Equinox Arrivals



# Algoma Equinox

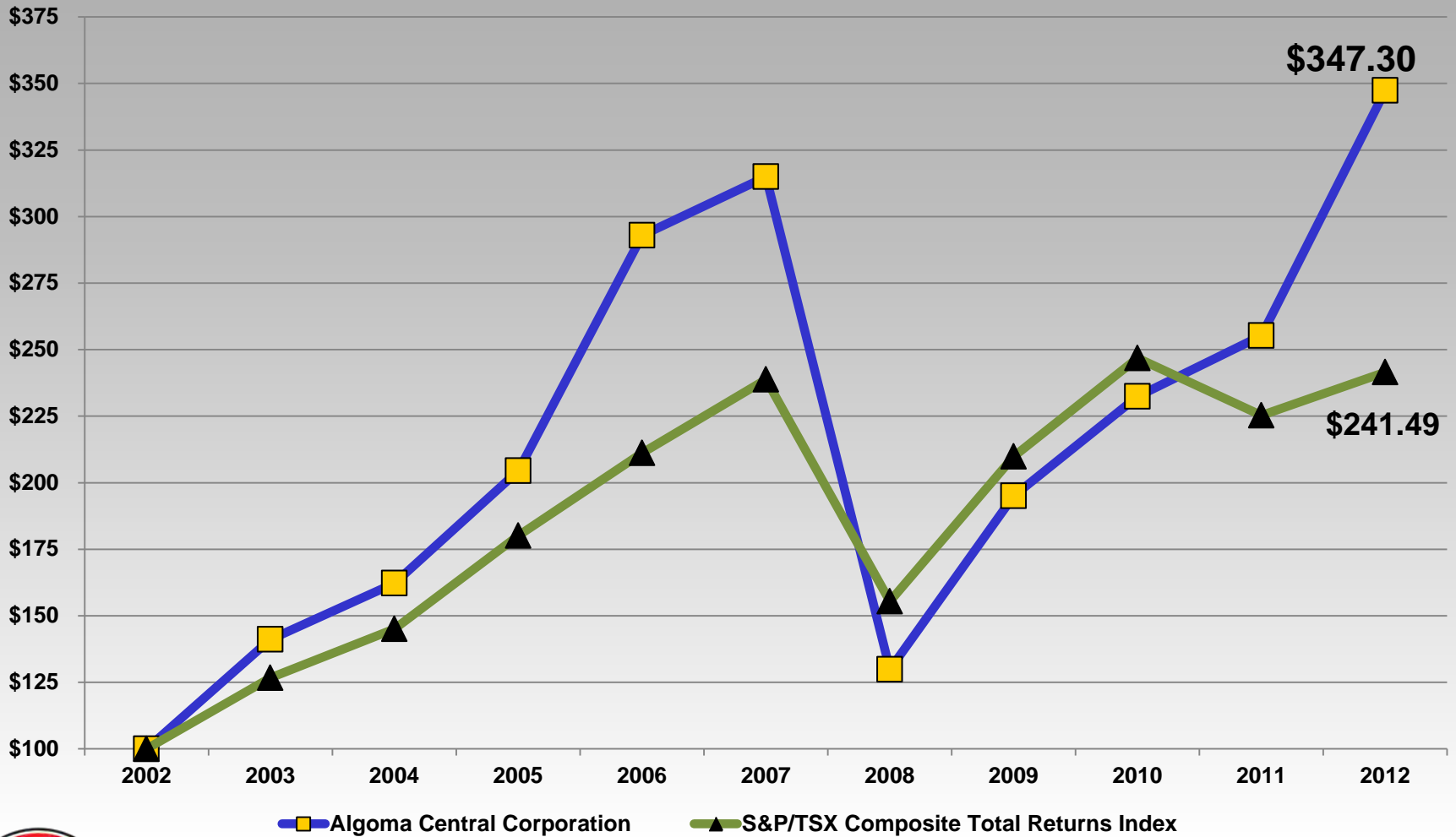




# Concluding Remarks



# Growth in Shareholder Value







**Q & A**







**Thank you**

