



ALGOMA CENTRAL CORPORATION  
INVESTOR PRESENTATION  
JANUARY 2018



# Forward Looking Statements

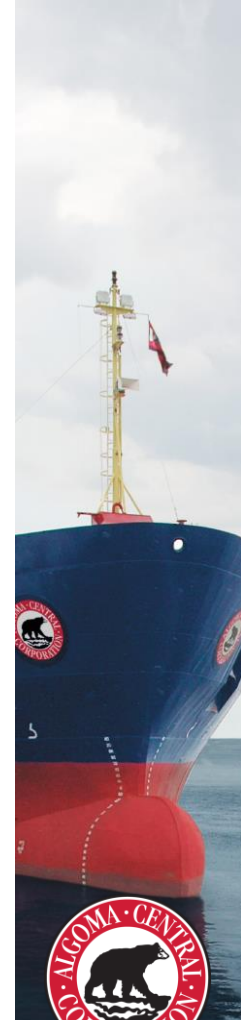
Certain statements in this document about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements are based on estimates and 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.

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 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 January 5, 2018.

Certain figures included herein are non-GAAP measures. Please see our MD&A for further discussion of Non-GAAP disclosures.

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





# Algoma Central Corporation

- The largest owner and operator of dry and liquid bulk carriers on the Great Lakes
  - St. Lawrence Waterway.
- A Canadian shipowner since 1900 – 60 vessels globally
- 2,000 employees
- Trailing twelve months:
  - Revenue - \$443 million
  - EBITDA - \$105 million
- Listed on TSX – ALC
- Current quarters dividend – 9¢
- Shares outstanding – 38,552,315
- Insider interest – ~78%





# Vision

Growing our position as the carrier of choice for bulk commodities in the Great Lakes – St. Lawrence Waterway to become a leader in short sea shipping globally.

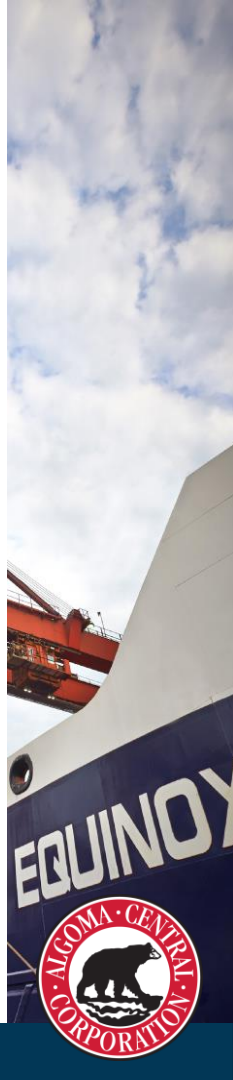




# Highlights of 2017

## Continuation of Great Lakes dry-bulk fleet renewal program:

- 2 new vessels added to operations:
  - Algoma Strongfield (Gearless Bulker)
  - Algoma Niagara (Belt Self-Unloader)
- Took delivery of the Algoma Innovator from the Uljanik d.d. shipyard in Croatia –will join domestic fleet in March.
- Acquired four river-class vessels from American Steamship Company at year end.





# Highlights of 2017

## Expansion of Global Short Sea Shipping:

- **Expanded cement fleet operating under NovaAlgoma Cement Carriers (NACC)**
  - Fleet now at 11 operating and 2 under development
  - Includes vessels chartered to two Canadian producers
- **Acquired a 50% interest in a commercial platform and fleet focused on short-sea mini bulker market to create NovaAlgoma Short-Sea Carriers (NASC)**
  - Owned fleet of 15 vessels and overall fleet of 60 vessels

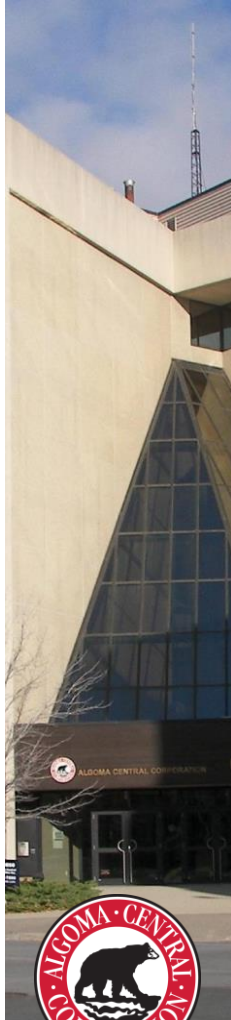






# Divestiture of Real Estate

- Sale proceeds of \$104 million to date.
- Station Mall in Sault Ste. Marie will be placed on the market in the future.
- Strengthens balance sheet and provides funds for growth opportunities.





# Investment Thesis

**Leader in Our Markets – This is Sustainable**

**History of Performance in a Variety of Markets**

**Diversified, Dependable Customer Base**

**Well Capitalized to Pursue Growth**

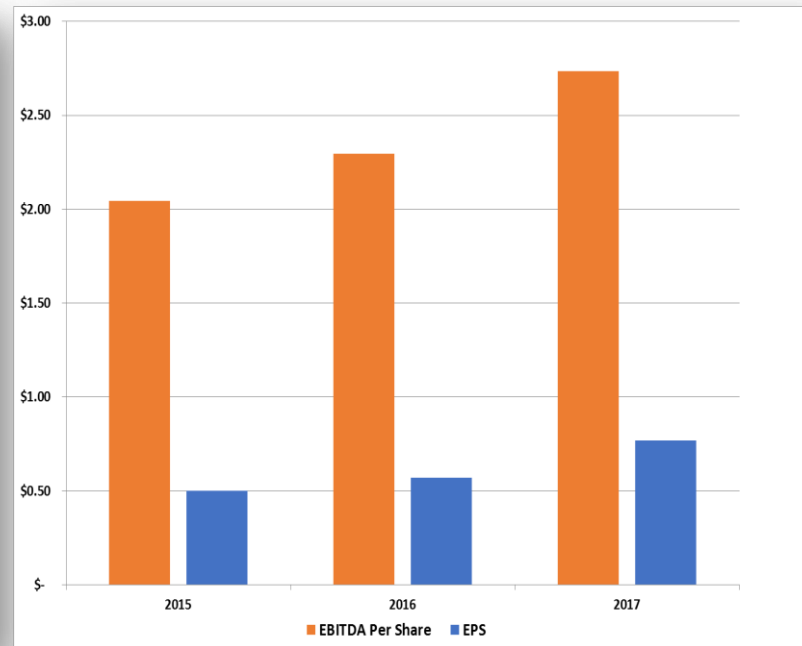
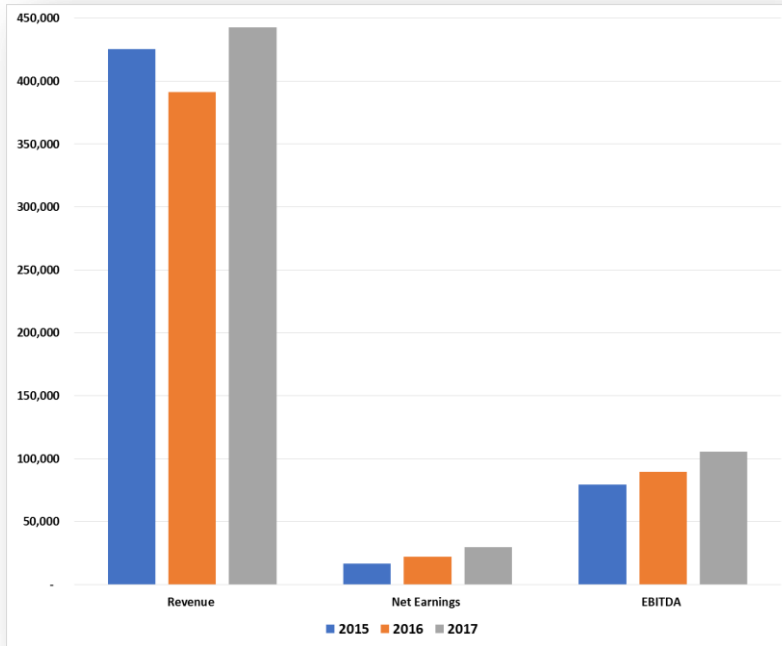
**Investing in Future Opportunities Internationally**

**Strong History of Dividends**



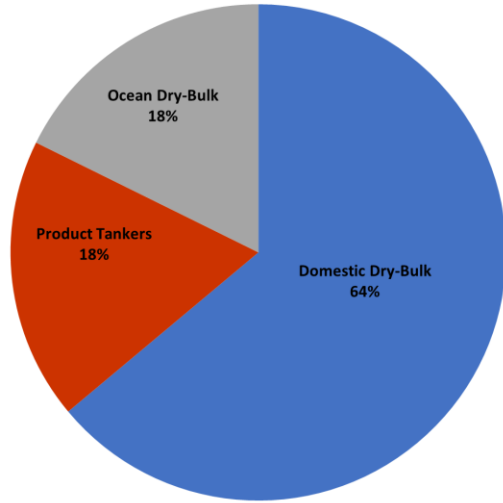


# Growing Cash Flow and Earnings

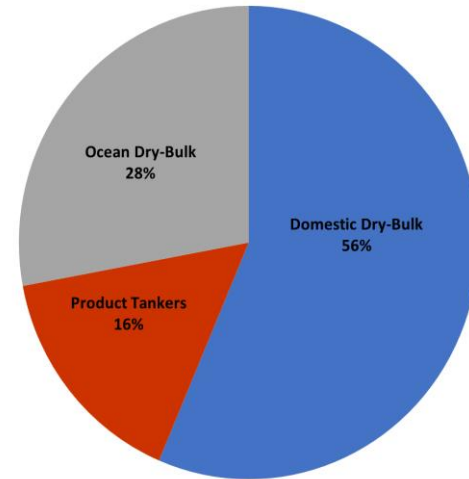


# Diversified Business

Revenue Allocation



EBITDA Allocation



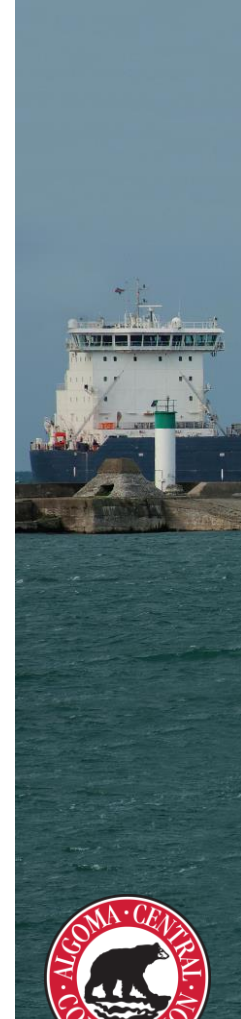
# Growing from a Strong Financial Base

## Balance Sheet Highlights

	2015	2016	2017
Cash	210,562	130,039	60,533
Net Working Capital	304,916	162,947	90,880
Total Assets	988,805	1,036,013	1,076,358
Net Debt	33,434	110,516	215,070
Total Equity	618,610	641,550	659,234
Book Value Per Share	\$ 15.90	\$ 16.49	\$ 16.94
Dividends Per Share	\$ 0.28	\$ 0.28	\$ 0.32

*Note - 2017 As at September 30th*

Current Yield - 2.3%





# 2025 Strategic Vision

- Continuation of Great Lakes dry-bulk fleet renewal program

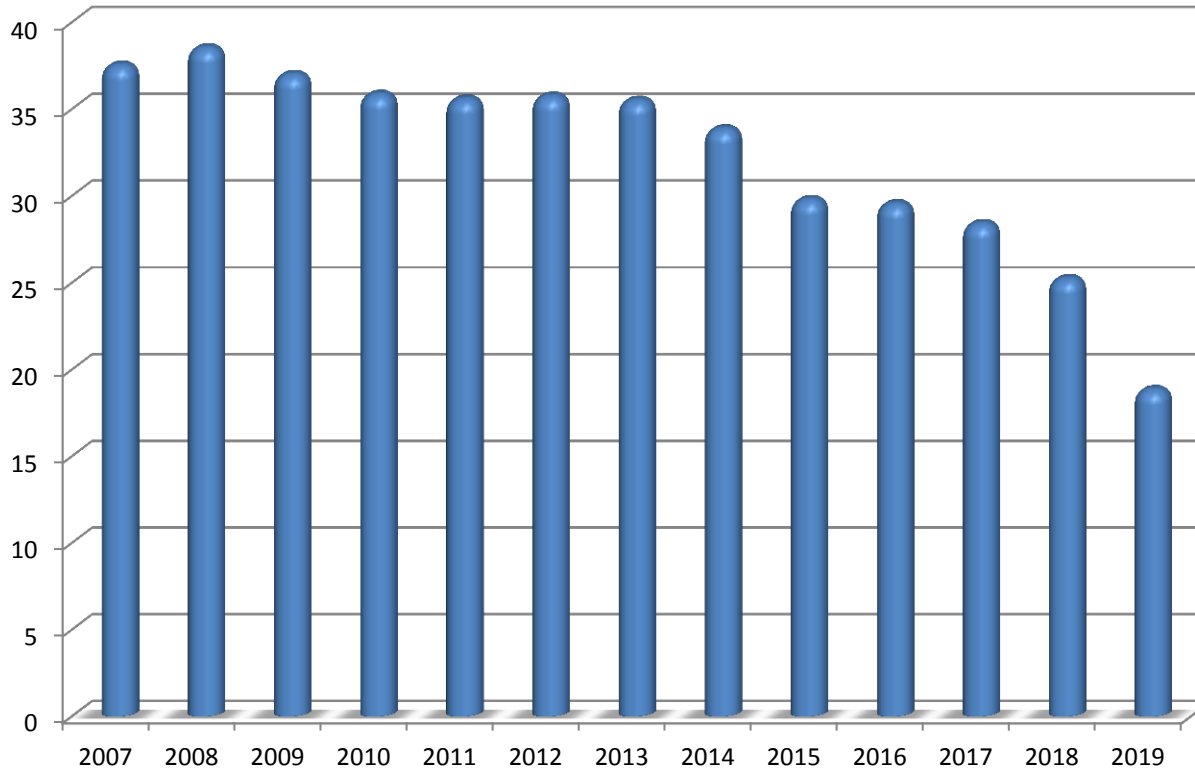


- Expansion into global short sea shipping





# Building a Younger, More Efficient Fleet





# The Great Lakes Short-Sea Shipping Company

- **Trip times**
  - Shorter than international trips with less time in open waters
- **Load / Unload**
  - More material to overall voyage duration
  - Port delays can have significant impact on voyage P&L
  - Integration with customers' supply chains
- **Feeder service for export – bound products**
- **Trans-shipping**







# Our Strategy Going Forward

Grow into international short-sea markets where we can add value.

## Target Market Features:

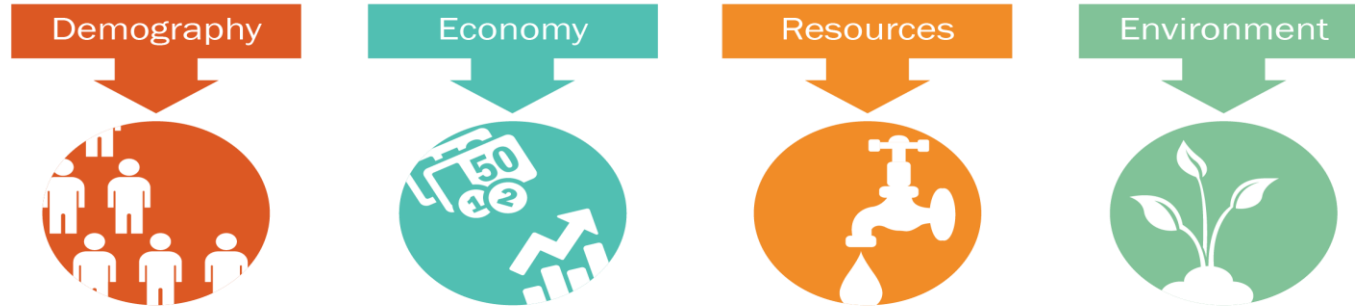
- Opportunities for self-unloader or specialized applications to serve as feeder services between shallow draft ports and major seaports.
- Opportunities to consolidate small regional operators.
- Significant economic growth combined with growth in urbanization and infrastructure development.
- Acceptable legal, regulatory, financial and labour market frameworks for local investments and foreign control.





# Setting the Scene

## World Trade – Global Marine Trends 2030

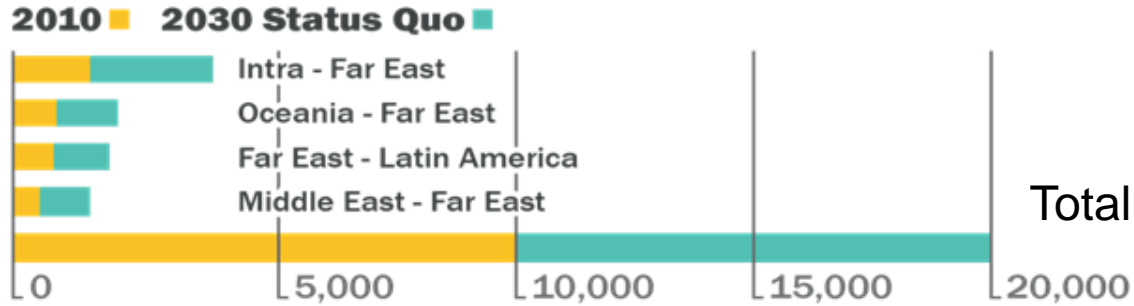


**Global Trade will at least double in the next 20 Years**





# Short Sea Shipping to Grow Faster



## Main Drivers:

- **Demography** (Growing Population, Urbanization)
- **Rise of Trade Blocks** (EU, NAFTA, ASEAN, UNASUR)
- **Geography** (Europe, Oceania, S.E. Asia)
- **Lack of Infrastructure** (India, Indonesia, Philippines, S.America, Africa)
- **Environment** (“Green” Transport) in Developed Economies
- **Technology** (unmanned ships, faster cargo handling, improved security)





# Growing Through Partnership

## **NovaAlgoma Cement Carriers (NACC):**

- Pneumatic cement carriers servicing global manufacturers
- Typically time charter based and under long term contracts to support single market

## **NovaAlgoma Short-Sea Carriers (NASC):**

- Leverage client relationships
- Leverage existing business contacts /partnerships
- Leverage access to capital
- Establish presence in growth markets





# Aging Global Cement Fleet

- Total cement carrier fleet (>2,000dwt): 320 vessel
- Average fleet age: 25 year
- Average age of scrapping: 33 years



Illustrative Vessel in Global Fleet

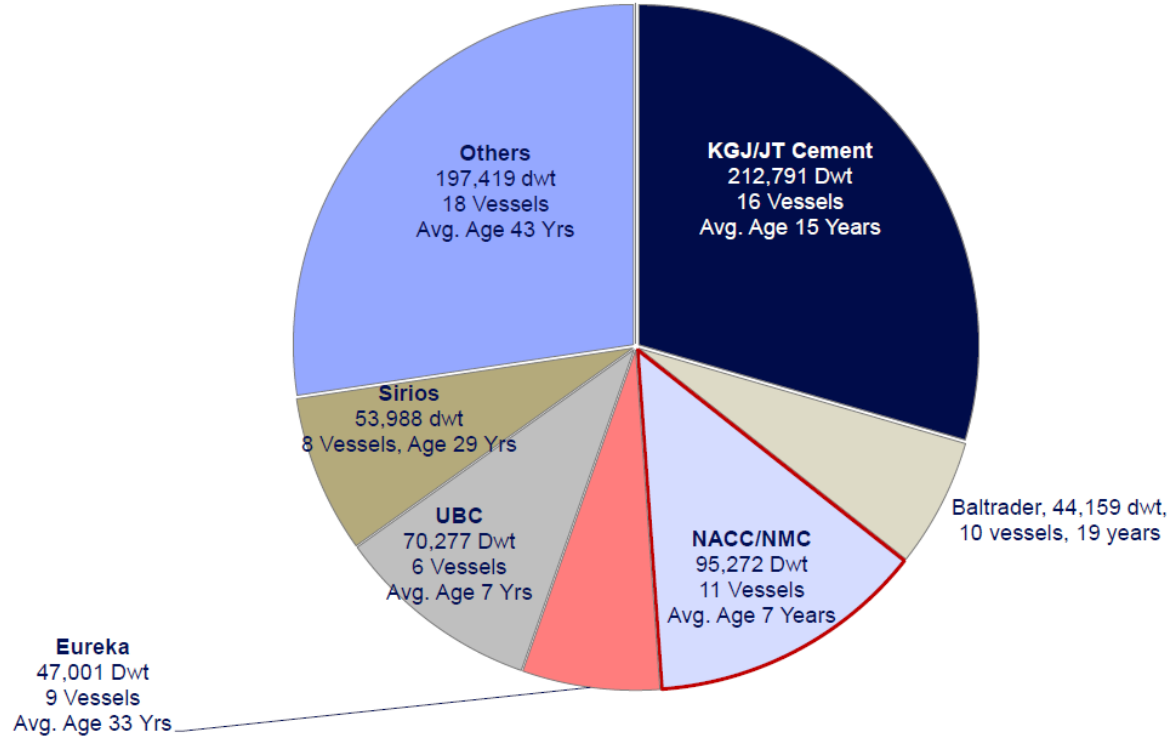


NACC Star in Nice, France





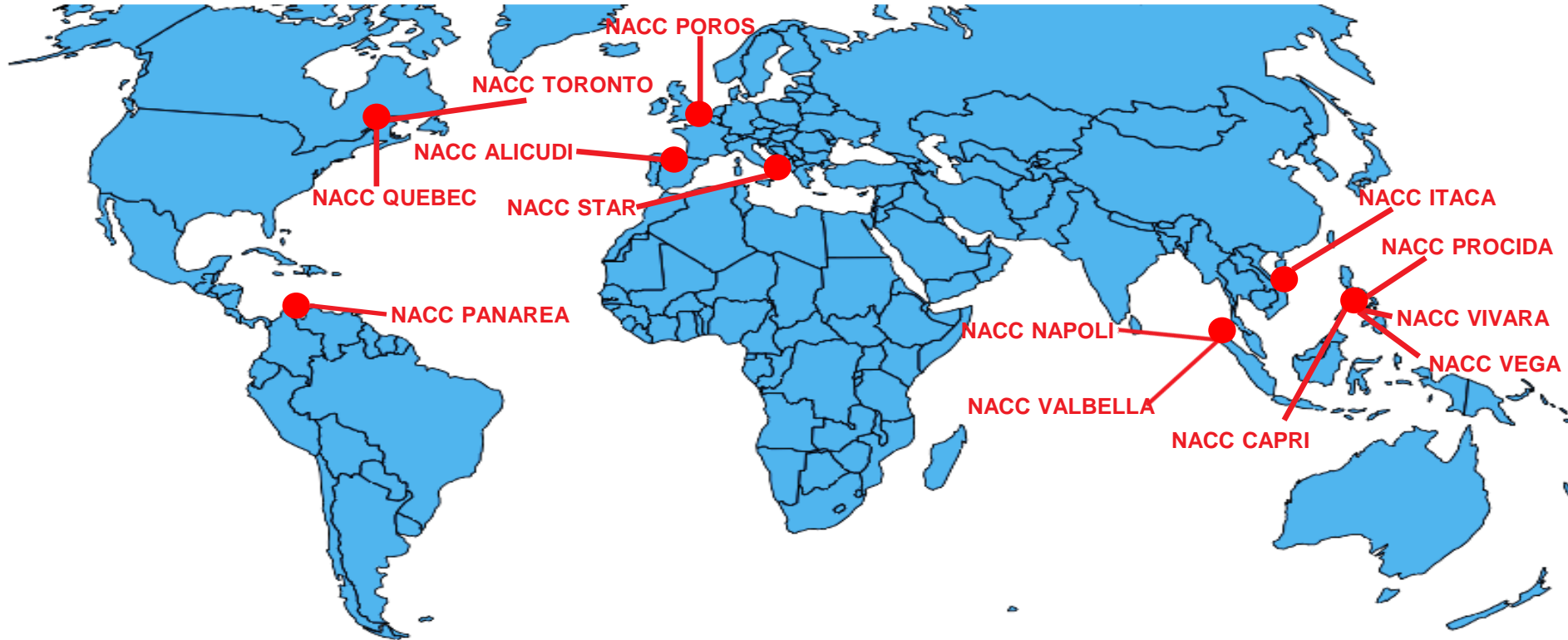
# NACC is Now #2 Globally



source: Howe Robinson Cement Desk, Howe Robinson Research



# Strong Global Footprint





# Growing Through Partnership

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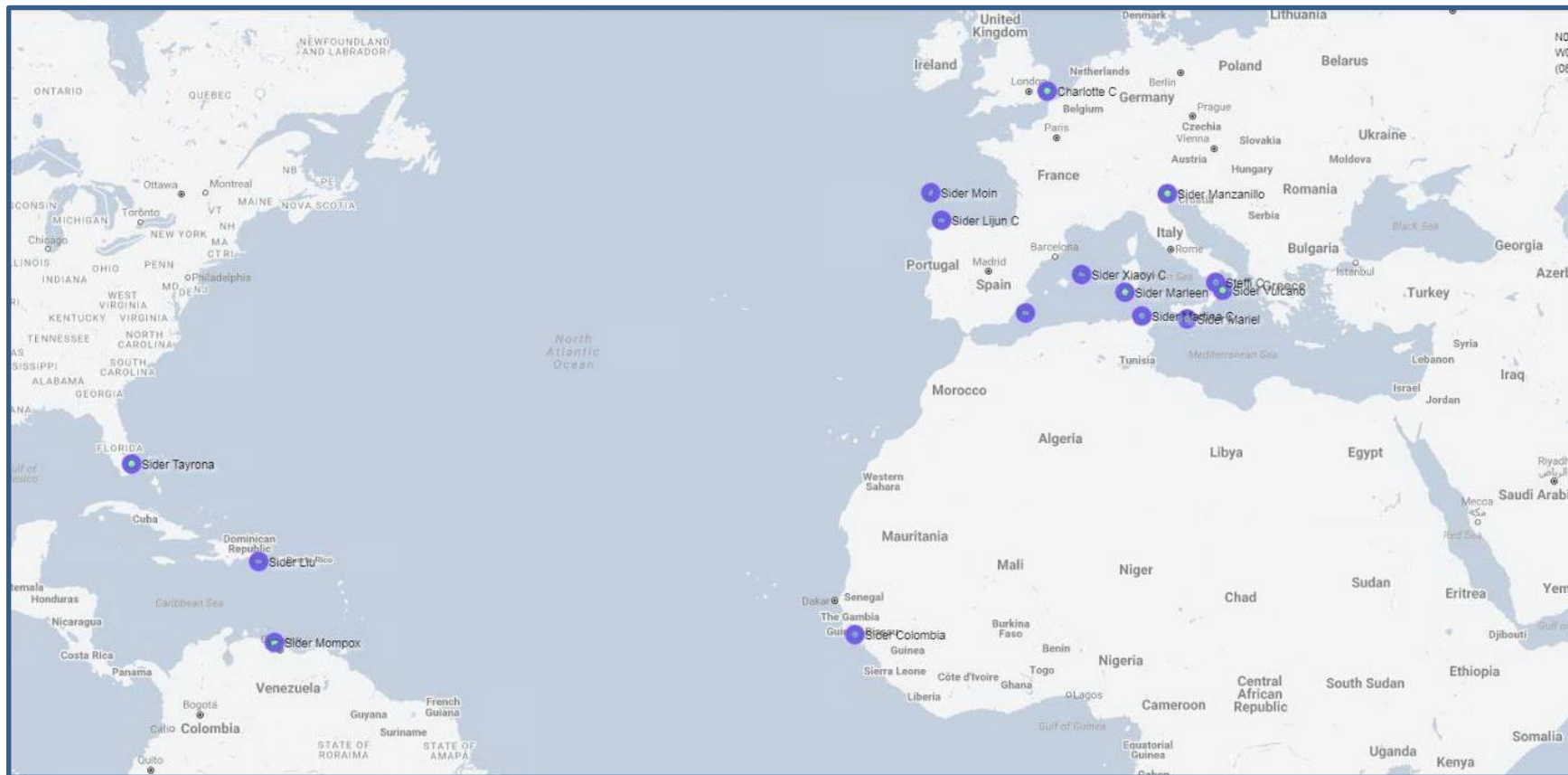
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# Growing Global Footprint





# NovaAlgoma - The Next Two Years

- Algoma and Nova Marine will focus attention on growing the organizations' strengths and capabilities
- Establish dedicated staff and offices to lead market development
- Short-term, the focus for NASC is the Caribbean and for NACC it is North and South America.
- An Asian market plan is being developed jointly.





# Analyst Coverage



- David Tyerman, Cormark Securities Inc.







**QUESTIONS?**