



AN INTRODUCTION TO
ALGOMA CENTRAL CORPORATION
AUGUST 7, 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 August 6, 2014.

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





WHY INVEST IN MARINE 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

CRITICAL TWO-WAY TRANSPORTATION SYSTEM

Grains from Western Canada
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

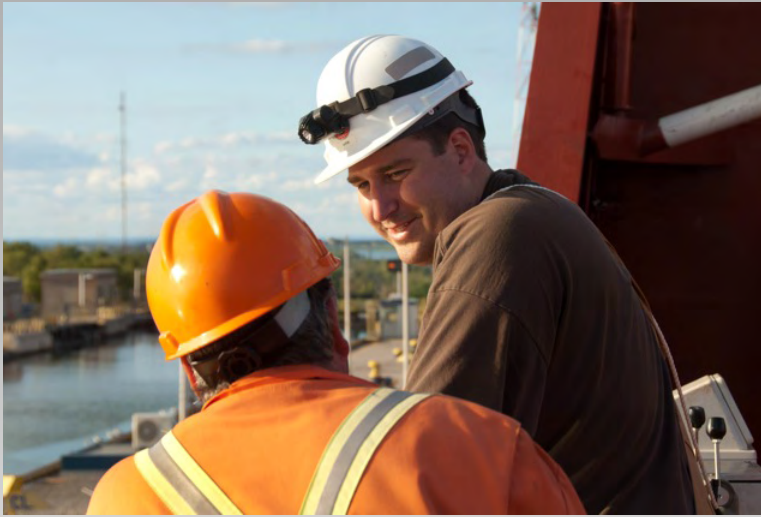
Petroleum products within
the system between refiners
and distribution networks



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



ECONOMIC IMPACT OF SYSTEM



Canada and the U.S.

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



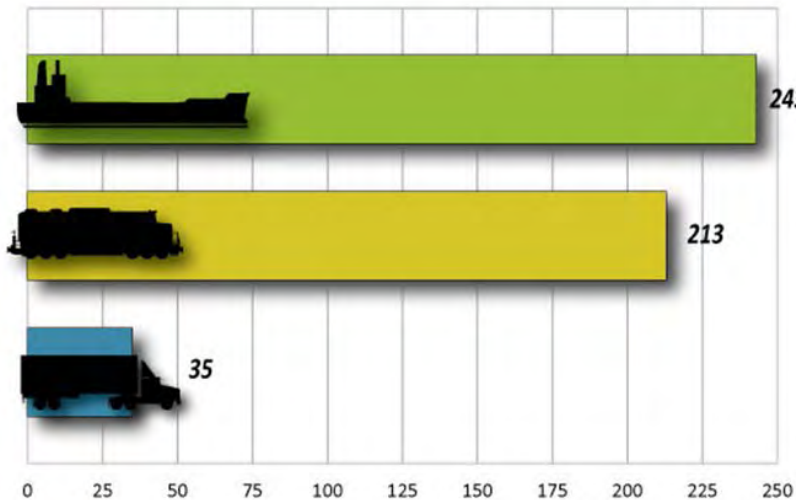
Marine is by far the
most efficient and
safest
transportation
option for moving
bulk commodities
large distances



Operating and Infrastructure Efficiency

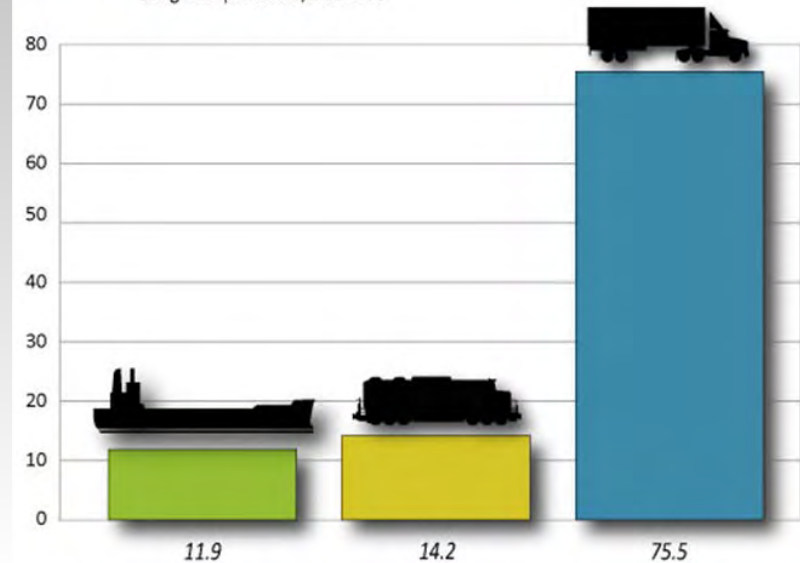


Figure 1. Distance one metric ton of cargo travels
Kilometers on 1 litre of fuel



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





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

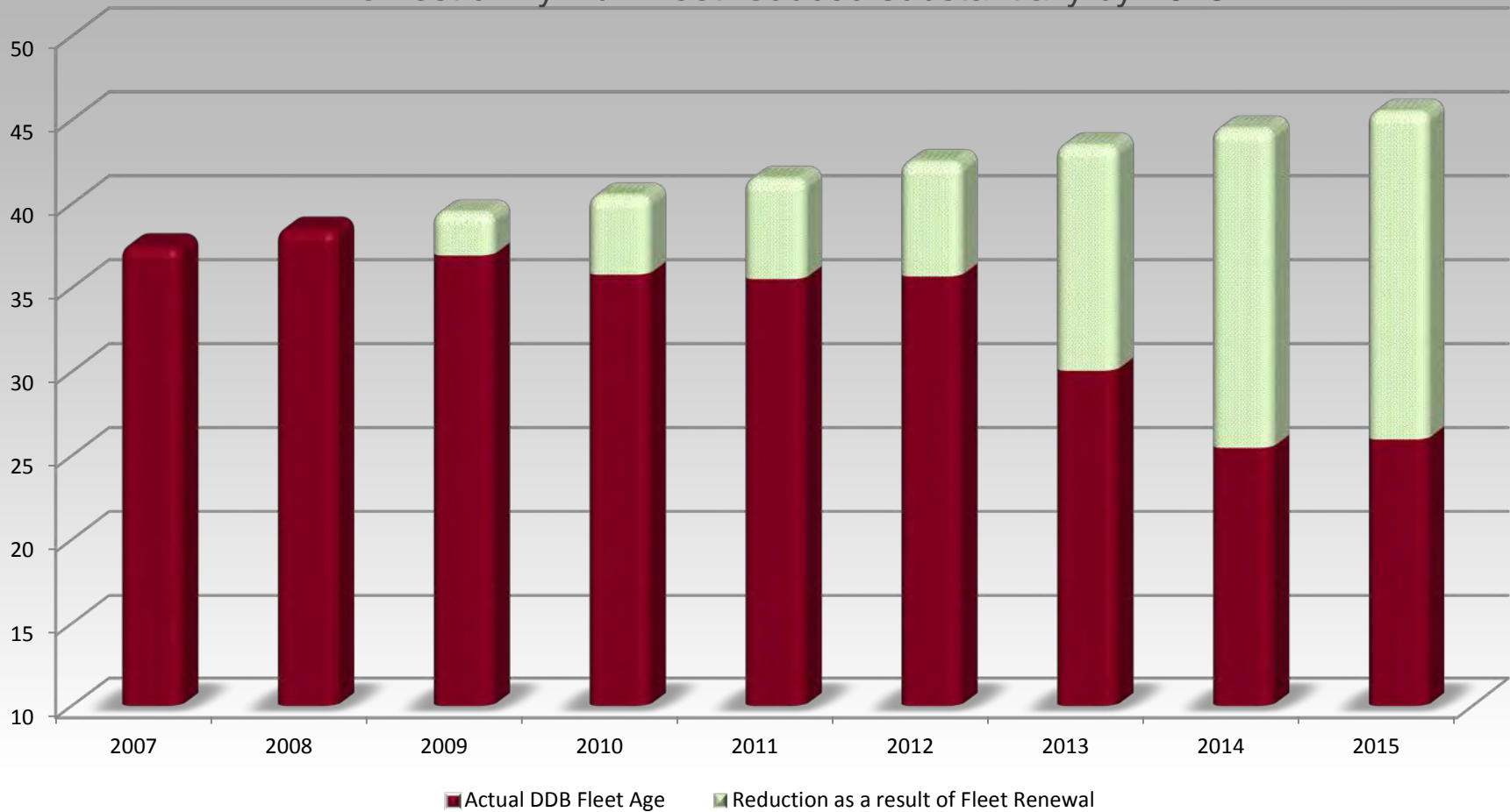
ALGOMA'S NEW EQUINOX CLASS IS GREEN

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



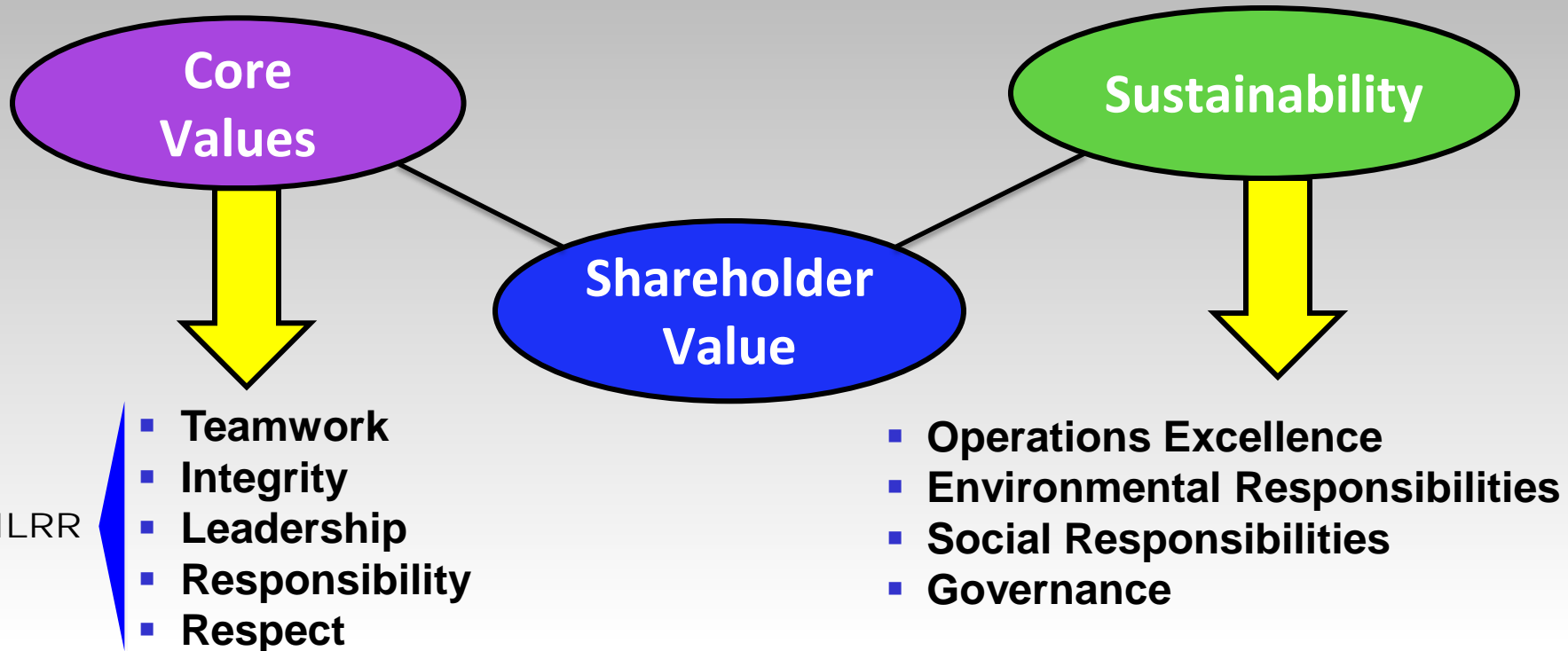
DRY-BULK FLEET AGE

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



STRATEGIC VISION

Continual growth of *long-term shareholder value* while operating in a ***sustainable manner*** and always being governed by our *core values*



TILRR



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



ALGOMA BUSINESS SEGMENTS



Algoma Central Corporation

Domestic Dry-Bulk		Product Tankers		Ocean Shipping		Real Estate
Dry-bulk Shipping	Algoma Ship Repair	Algoma Tankers	Algoma Tankers International Inc.	Algoma Shipping Ltd.	Marbulk Canada Inc. Marbulk Shipping	Algoma Central Properties Inc.
18 self-unloaders 7 bulkers 6 Equinox Class vessels on order <i>(Note 1)</i>	Provides ship repair & steel fabrication services	7 domestic tankers	1 foreign-flag tanker	2 self-unloaders	4 self-unloaders	Owns and manages properties in Sault Ste. Marie St. Catharines Waterloo
					 MARBULK SHIPPING INC.	
100%	100%	100%	100%	100%	50%	100%

Note 1 - Four vessels to be owned by the Corporation; two vessels to be owned by CWB Inc. and to be managed by the Corporation.



DOMESTIC DRY-BULK

Algoma Dry-Bulk

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

Algoma Ship Repair

Specialty Steel Fabrication
& 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



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



PRODUCT TANKER

Algoma Tankers Limited

Owns and operates 7 domestic product tankers

Algoma Tankers International Inc.

Owns and operates 1 foreign-flag product tanker

- 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



LONG-TERM IOL RELATIONSHIP

Established Key Customer Relationship



Imperial Oil

Invested to Improve Fleet

- Fleet acquired from Imperial Oil in 1998
- Algoma 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 International 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



REAL ESTATE

Sault Ste. Marie.

464,000 Sq. Ft. Retail
80,355 Sq. Ft Office
195 room hotel
102 unit apartment

St. Catharines

339,000 Sq. Ft.
Commercial

Waterloo

155,000 Sq. Ft.
Commercial

- Owner/manager of commercial real estate in Ontario
- Origins as developer of former Algoma rail lands in Sault Ste. Marie
- Conservative, value-oriented investor
- **All real estate is unencumbered, allowing for flexibility**



REAL ESTATE HOLDINGS

- Sault Ste. Marie:
 - mall, Delta hotel, two office buildings, & apartment building in key waterfront location.
- St. Catharines:
 - four office buildings, two commercial plazas, and a light industrial plaza
- Waterloo:
 - three office buildings in a technology park complex





FINANCIAL OVERVIEW

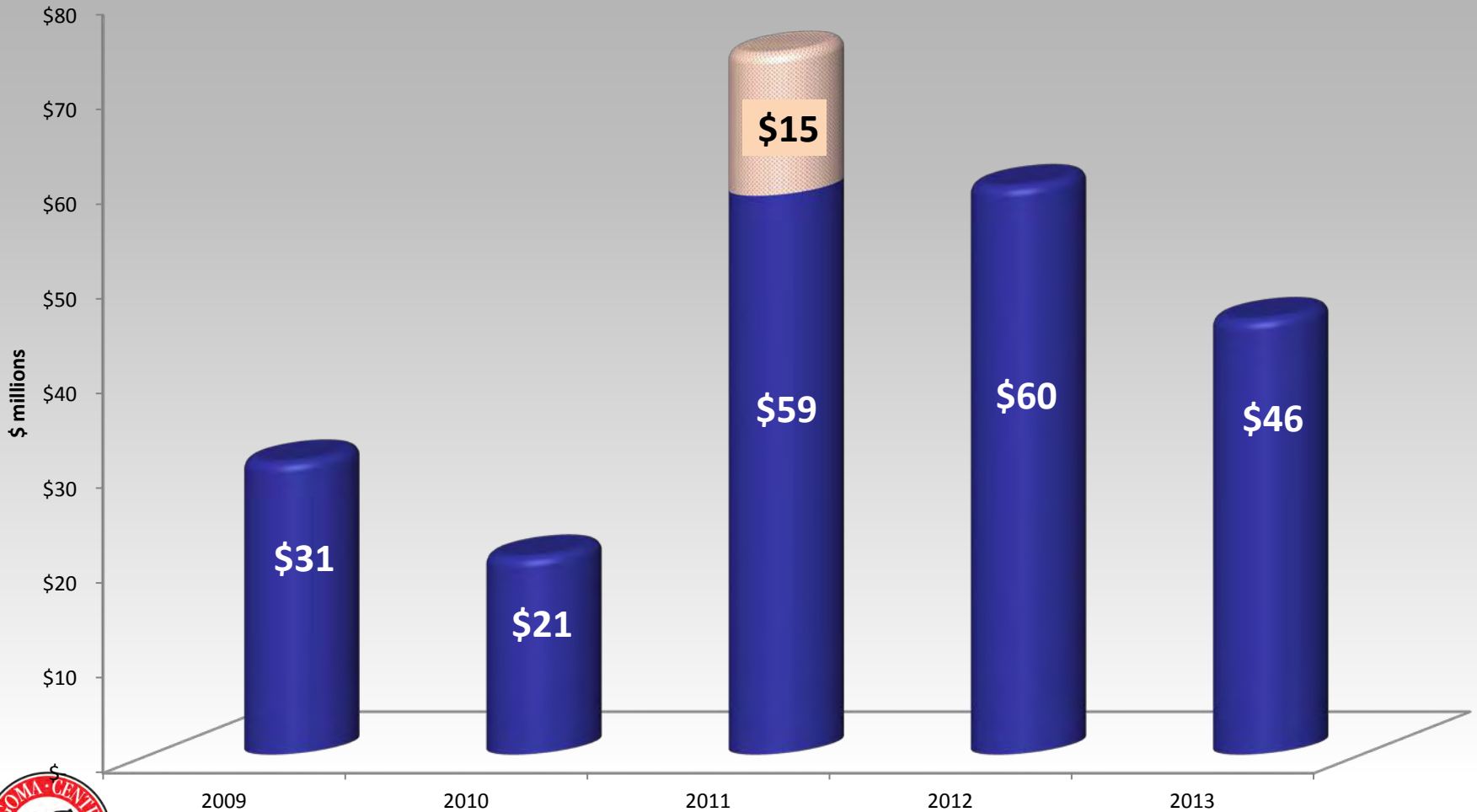
REVENUES



Note – 2011 revenues pro-forma for 100% of domestic dry-bulk



SEGMENT EARNINGS

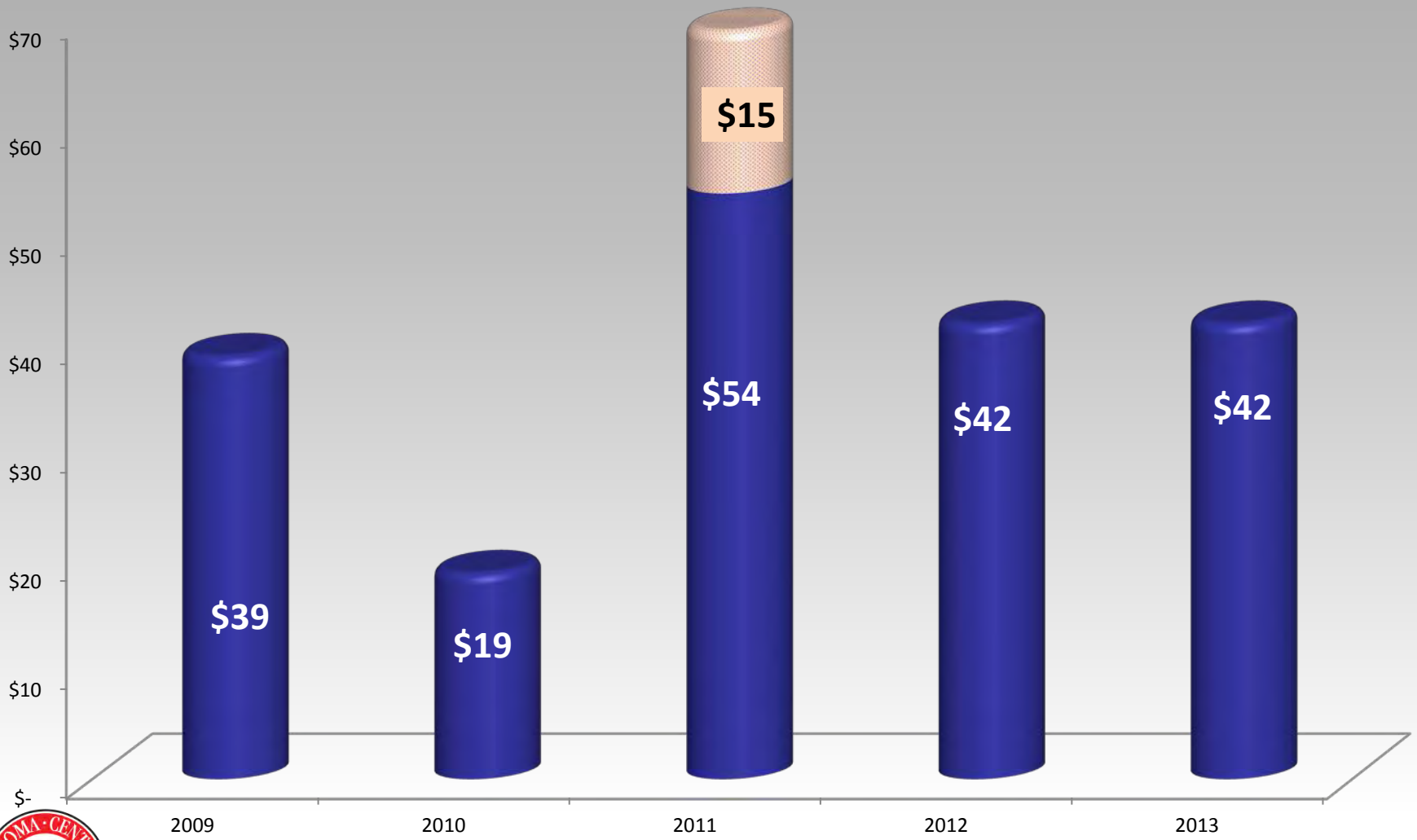


■ Segment operating earnings, after tax

■ Proforma Acquisition adjustment



NET EARNINGS



■ Net earnings ■ Proforma Acquisition adjustment



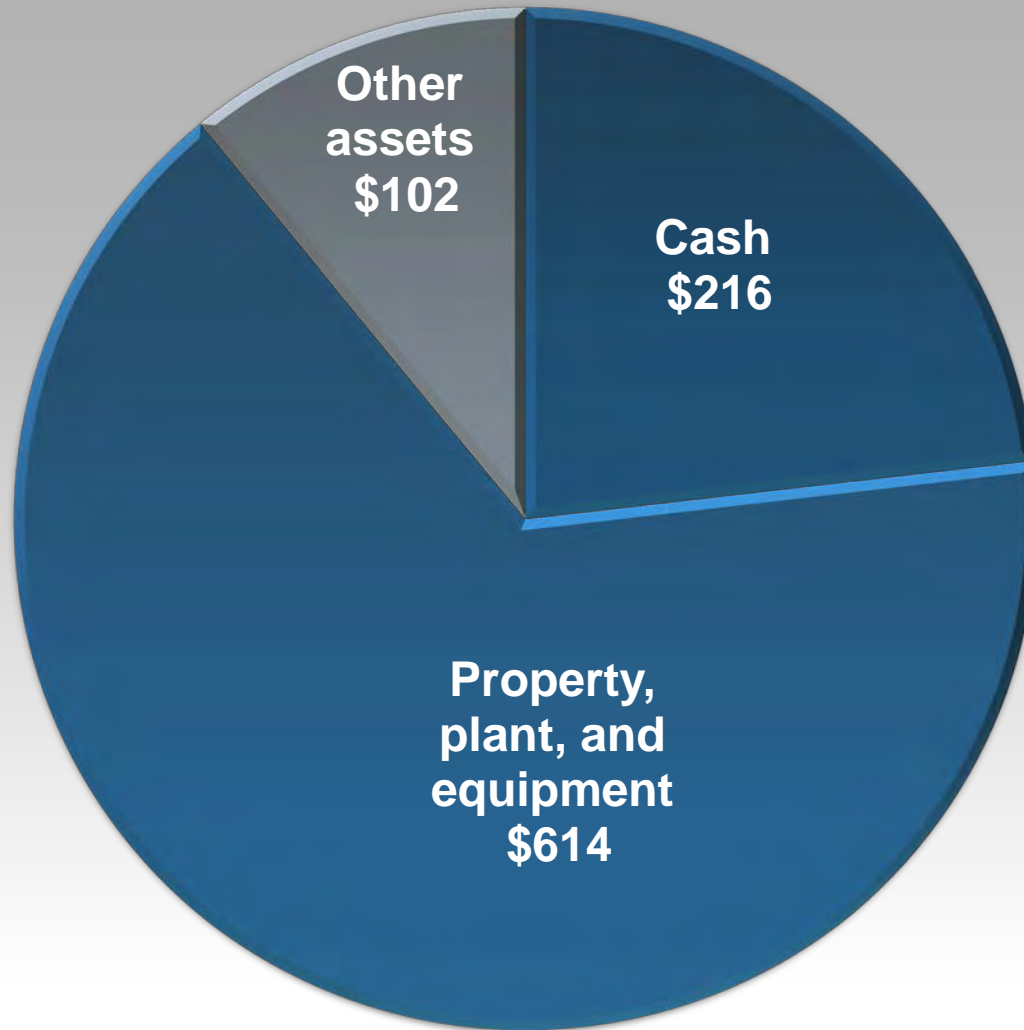
EARNINGS PER SHARE



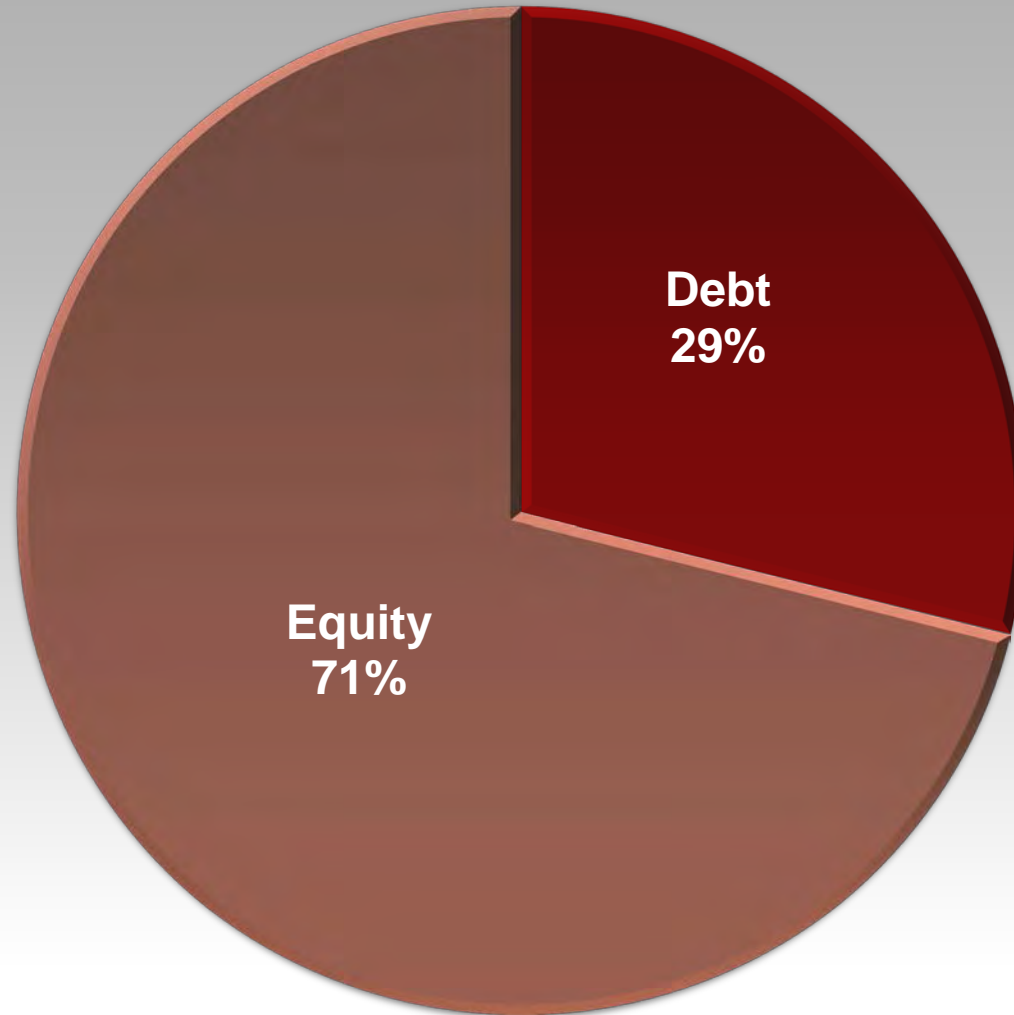
■ Earnings per Share ■ Proforma Acquisition adjustment



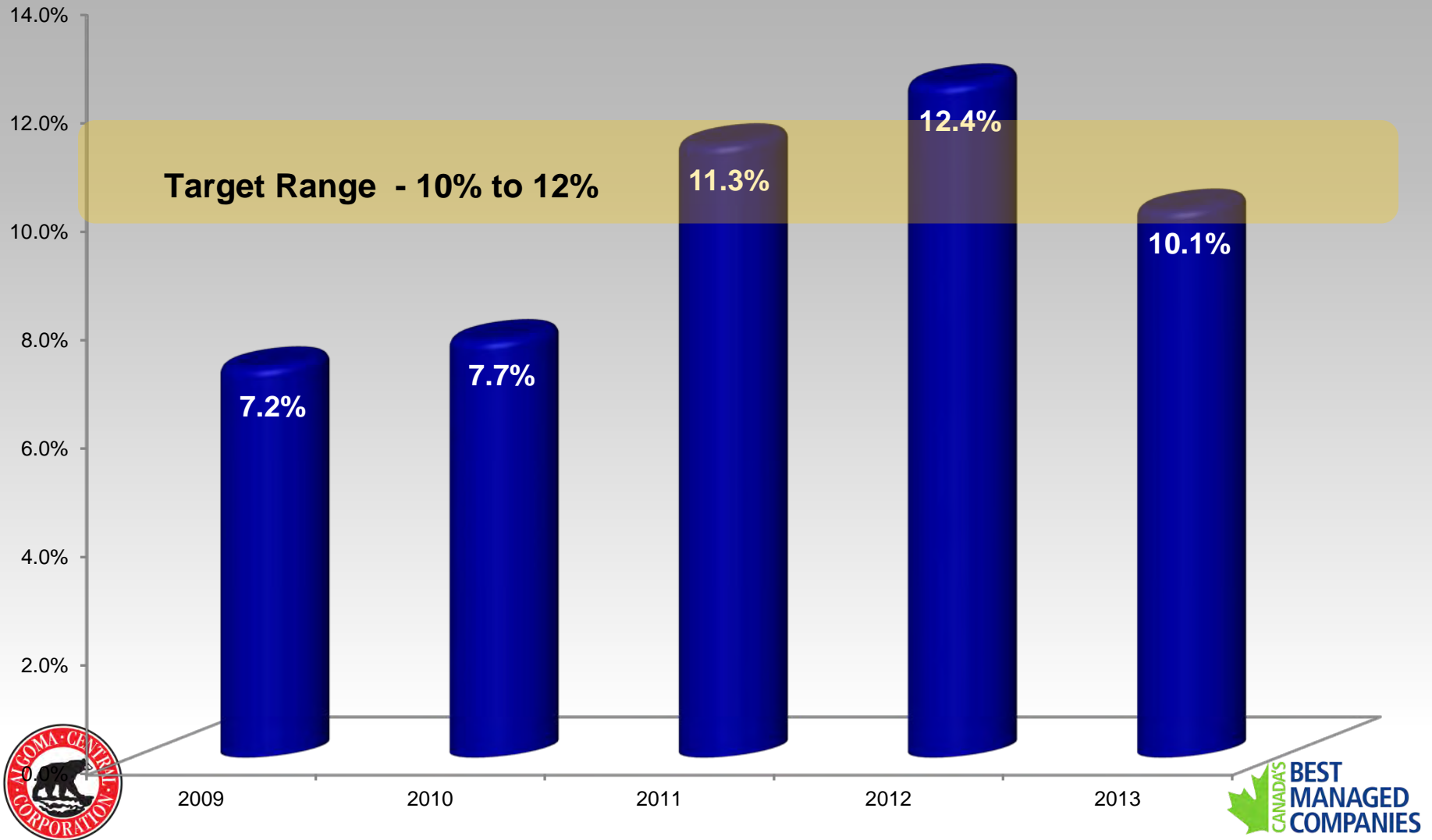
STRONG ASSET BASE



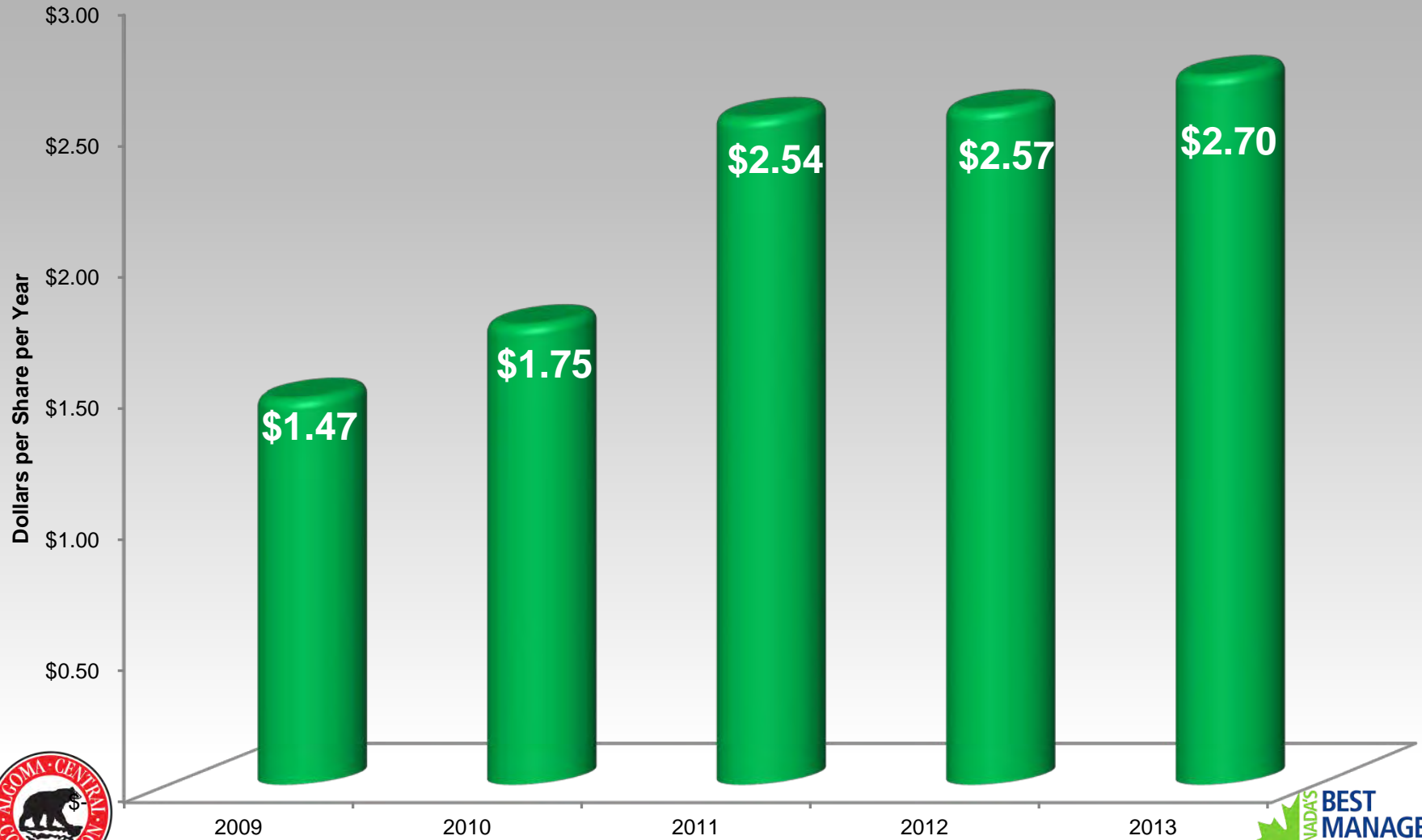
WELL CAPITALIZED



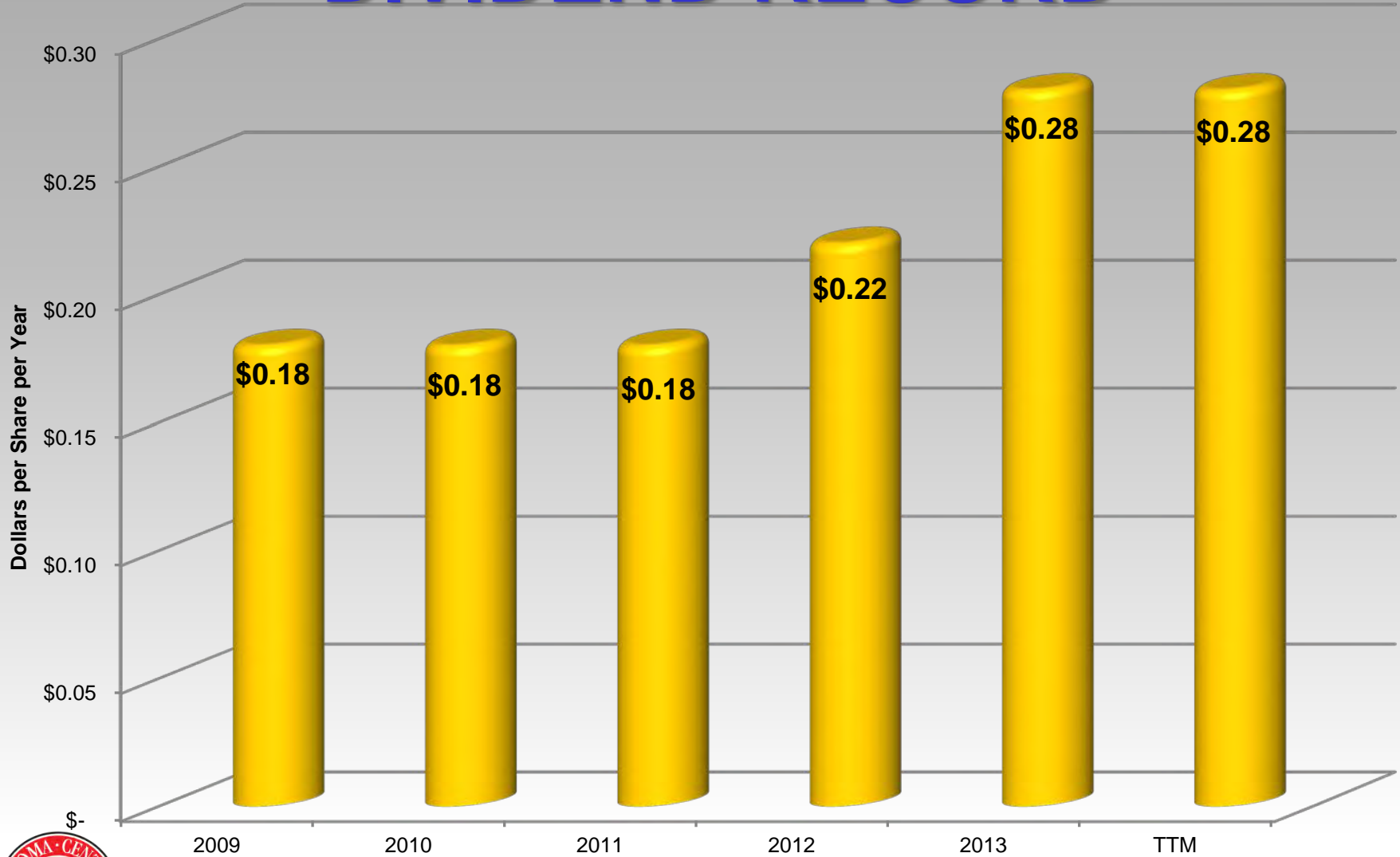
ADJUSTED ROCE



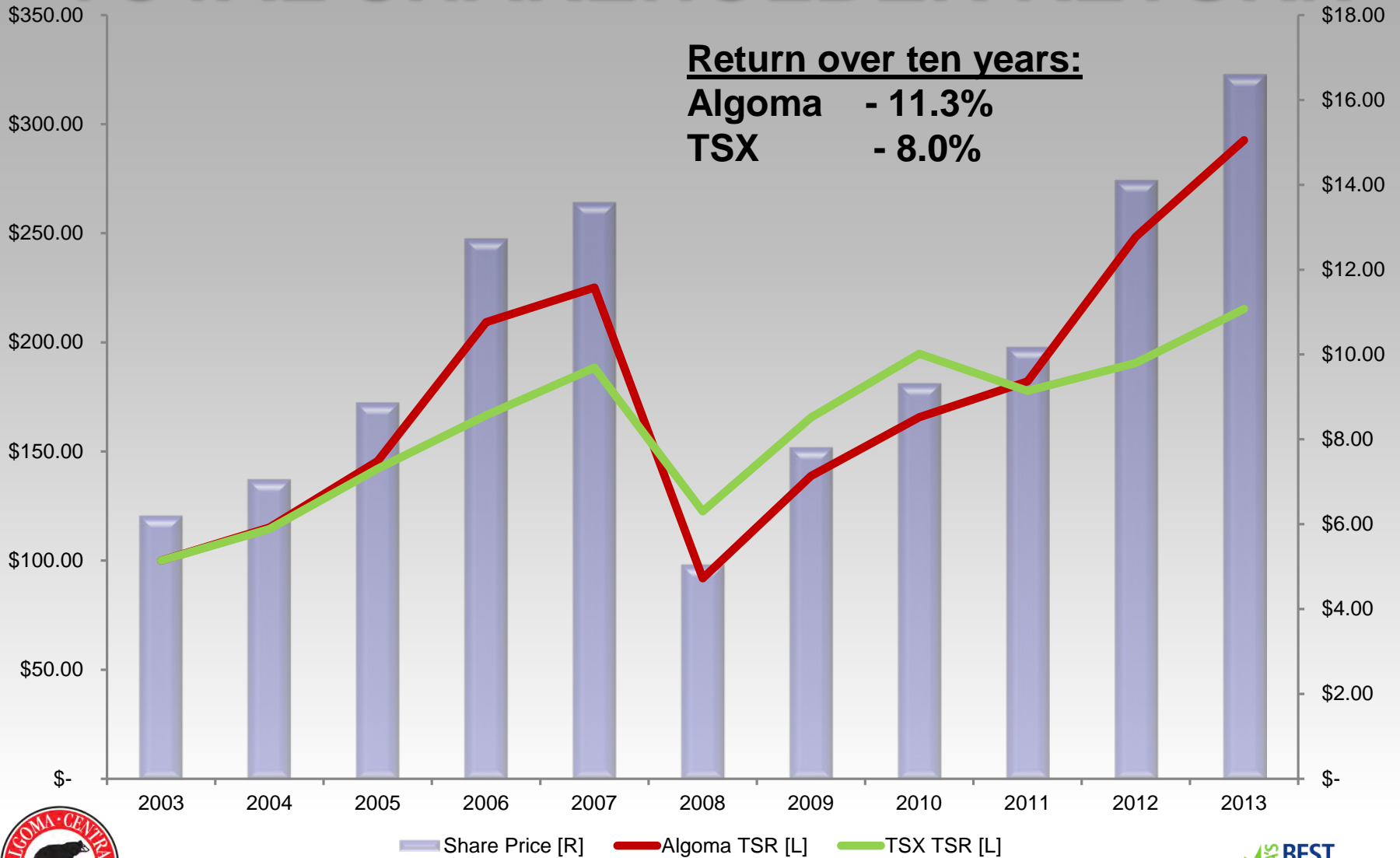
OPERATING CASH PER SHARE



DIVIDEND RECORD



TOTAL SHAREHOLDER RETURN



REAPING AWARDS



LOOKING FORWARD



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



BUSINESS CHALLENGES

- Government regulations, particularly around environmental issues
 - Industry needs predictability and consistency to plan and invest
- Skilled labour shortage
 - Trained employees will be needed as older crews retire
 - We continue to work with Marine Schools to attract students and Algoma provides 100 cadet berths each year
- Delays experienced with Equinox project
 - We are pleased with the construction quality but project delays are impacting the timing of margin improvement



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?



THANK YOU