



ALGOMA CENTRAL CORPORATION
INVESTOR PRESENTATION
MARCH 2018



Forward Looking Statements

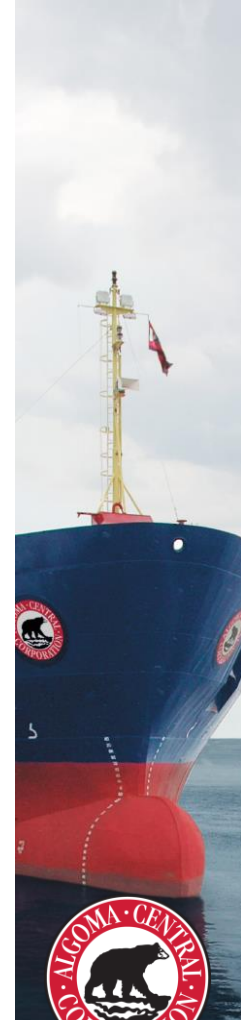
Certain statements in this document about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements are based on estimates and 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 February 22, 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 Lakes
- A Canadian shipowner since 1900 – Interests in 66 vessels globally plus 9 construction/conversions
- 2,000 employees
- Fiscal 2017 Results:
 - Revenue - \$451million
 - EBITDA - \$102million
- Listed on TSX – ALC
- Current quarters dividend – 9¢
- Shares outstanding – 38,552,315
- Insider interest – ~78%





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





Our 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.

- We are already a dominant participant in Lakes business and the market is unlikely to grow at a pace that is faster than GDP
- Global businesses include “asset-light” options not available domestically





Implementing Our Strategy

• Cost Leadership

- Reduce age of fleet
 - 19 when completed compared to 45 without renewal
- Securing lowest capital cost per tonne of capacity
 - Longer lives and higher capacity = 50% lower cost than our last round of new vessels
- Targeting lowest operating cost per tonne carried
 - Equinox class is 45% more cost effective on a tonne/kilometre basis

RESULT: EBITDA ↑\$4M per ship and ↑ ROE on fleet





Implementing Our Strategy

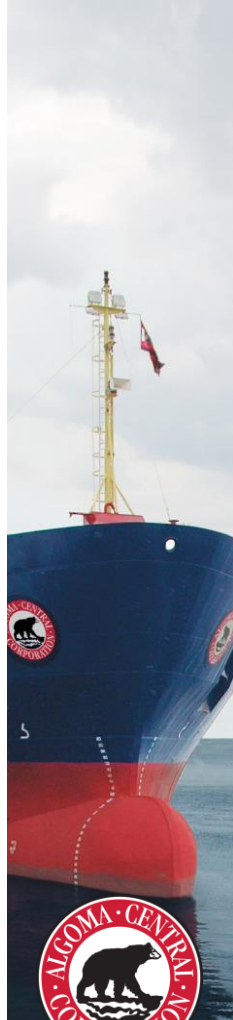
- Expanding into global markets
 - Building a strong business in fragmented global short-sea shipping
 - Revenues in 2017 of \$223M
 - Becoming “big enough to matter” in these markets
 - Already second largest cement carrier
 - More than just a “tonnage provider”
 - Focus is controlling the commercial book of business so no vessels are bought on spec



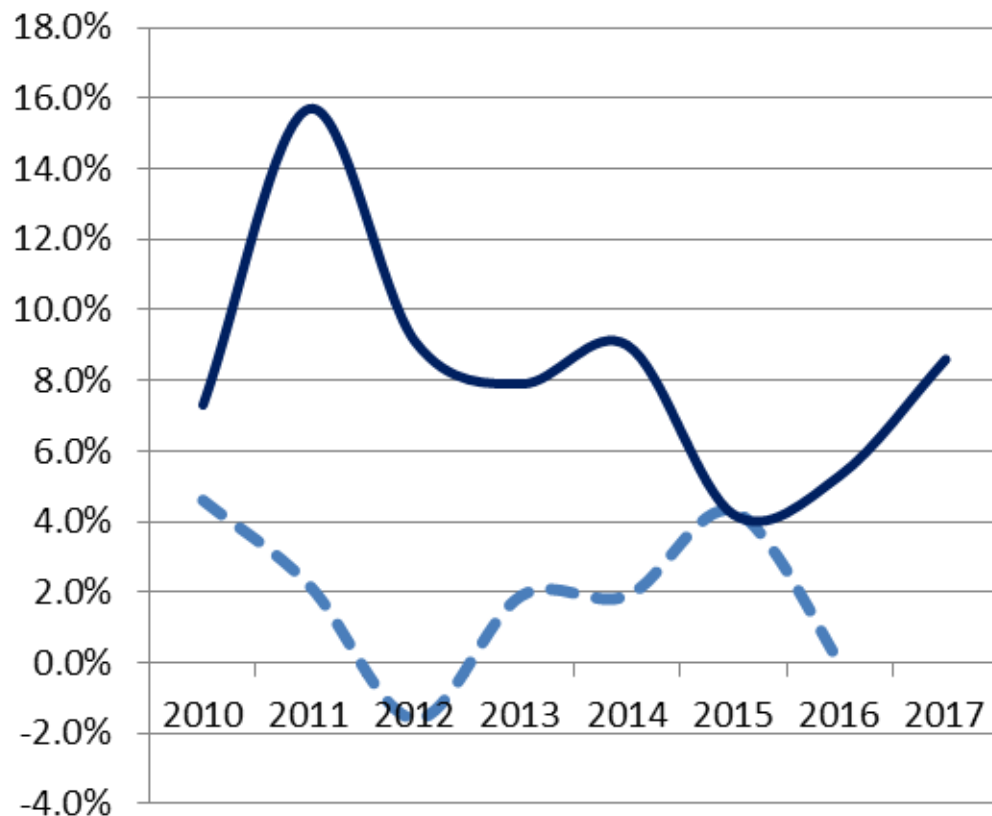
Not Just Another Shipping Company



- **Cyclicality is lower**
 - Contracts are long-term; barriers to entry domestically
- **Domestic markets provides stability**
 - Diversity of commodities, steady cash flow
 - Tankers and Ocean Pool have secure market positions
- **Regional and market diversification**
 - Cement – Asia and Europe
 - Short-Sea – Mediterranean, Western Europe, Caribbean



Returns Compared to Industry



Algoma has been in the top quintile of Marine Money's Financial Strength Rankings for the last 6 years

--- Industry ROE
— ACC ROE

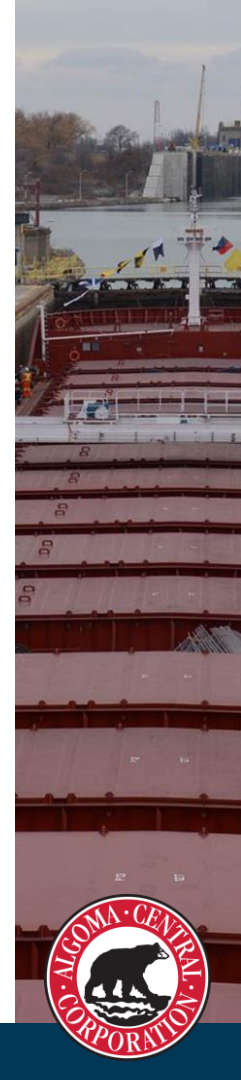
Source: Marine Money Annual Ratings





The Shipping Continuum

	Tonnage Provider	Industrial Shipping	Shipping Platform	Ship Manager
Chief Trait	Owns 100% of tonnage	Owns or bare-boats all tonnage	Owns a portion of the tonnage	Owns no tonnage
Control of fleet assets	Permanent but delegated	Permanent	Permanent for owned portion	Limited to and by contract terms
Capital	High	High	Variable	None
Commercial relationship	None	Direct to customer	Direct to customer	None
Contract terms	N/A	Typically longer term	Balanced longer term and short term	N/A
Economic asset	Tonnage	Tonnage and book of business	Book of business and some tonnage	Management know-how, systems, and reputation
EBITDA margin on sales (before G&A)	5% to 10%	20% to 30%	3% to 5%	10% to 15%
Purchasing and Selling	Typically yes	Typically no	Yes	N/A
Algoma's Businesses	International Pool	DDB, Tankers, NACC	NASC	Algoma Ship Tech





Drivers of Returns

- **Domestic Dry-Bulk**

- Freight volumes and rates per tonne
- Direct operating expenses per day
- Trade-off of new vessel capex versus maintenance on older vessels

- **Product Tankers**

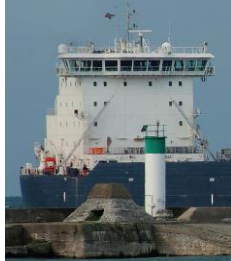
- Fleet availability and customer demand
- Direct operating expenses per day





Drivers of Returns

- Ocean Self-Unloaders
 - Days available to the Pool
 - Overall commercial margin of the Pool
 - Direct operating expense per day





Drivers of Returns

- **NovaAlgoma Cement Carriers (NACC)**
 - Contract charter rates
 - Direct operating expense per day
 - Cost of funds
- **NovaAlgoma Short-Sea Carriers (NASC)**
 - Freight rates and volumes
 - Cost of non-owned capacity
 - Operating and financing costs of owned ships



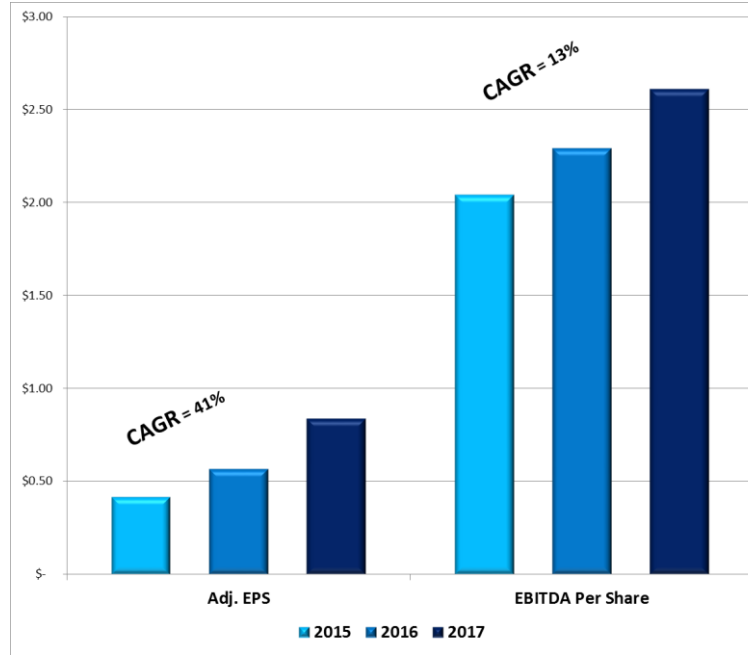
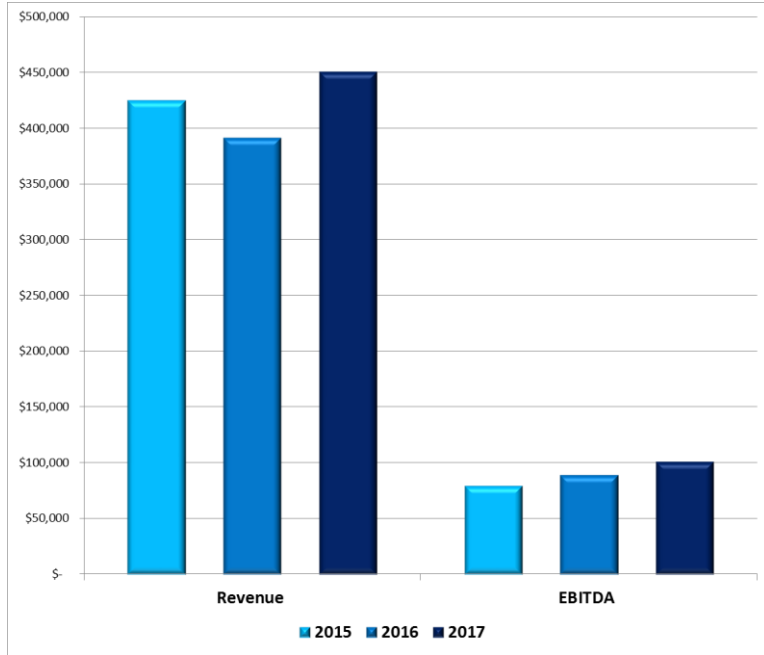


Highlights of 2017

- 7 new vessels added to domestic fleet with another to come in early 2018
- Growth in NovaAlgoma Cement Carriers – 13 vessels and now #2 in the world in this market
- Created NovaAlgoma Short-Sea Carriers (NASC) to focus on short-sea mini-bulkers
- Completed sale of real estate with proceeds > \$100M
- Dividend increased twice during year to 9¢ for December 1st payment – Dividends have been paid quarterly since 1995



Growing Cash Flow and Earnings



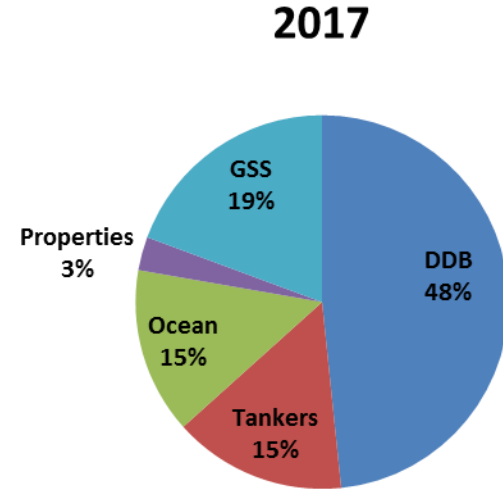
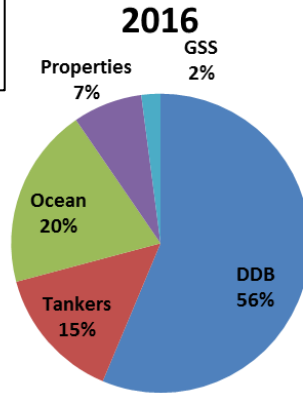
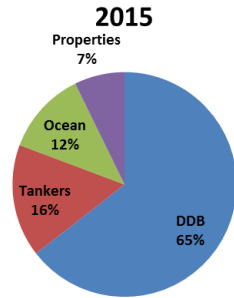
Increasingly Diversified Revenues

Managed Revenues:

2015: \$465M

2016: \$434M

2017: \$575M



CAGR = 11%



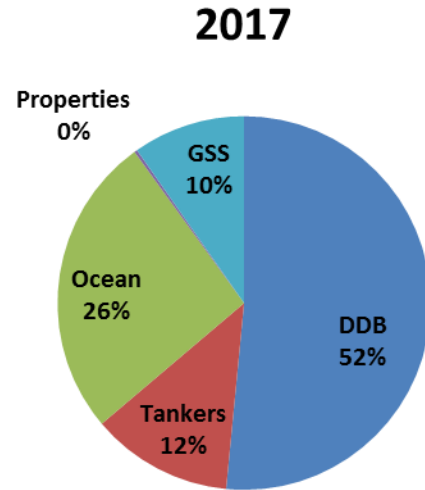
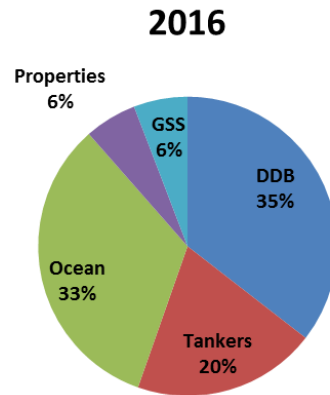
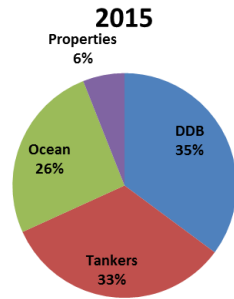
Driving Improved EBITDA

EBITDA:

2015: \$79M

2016: \$89M

2017: \$102M



CAGR = 13%



Growing from a Strong Financial Base

Balance Sheet Highlights

	2015	2016	2017
Cash	210,562	130,039	68,860
Net Working Capital (excl. debt)	304,916	162,947	81,679
Total Assets	988,805	1,036,013	1,100,290
Net Debt	33,434	110,516	223,144
Total Equity	618,610	641,550	660,460
Book Value Per Share	\$ 15.90	\$ 16.49	\$ 17.13
Dividends Per Share	\$ 0.28	\$ 0.28	\$ 0.32

Current Yield - 2.4%



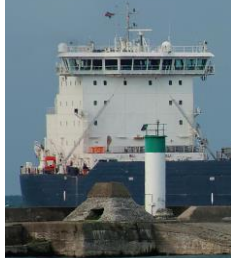


Our Strategy for Global Growth

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

Target Market Features:

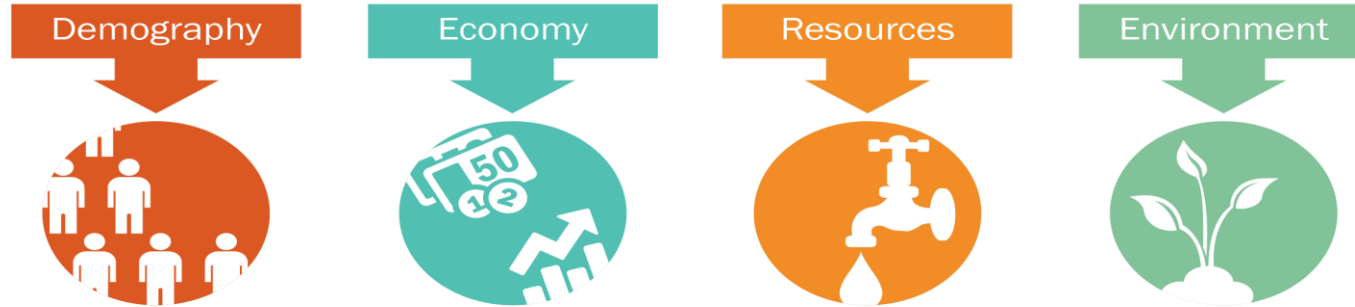
- Opportunities for self-unloader or specialized applications to serve as feeder services between shallow draft ports and major seaports.
- Opportunities to consolidate small regional operators.
- Significant economic growth combined with growth in urbanization and infrastructure development.
- Acceptable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





Setting the Scene

World Trade – Global Marine Trends 2030

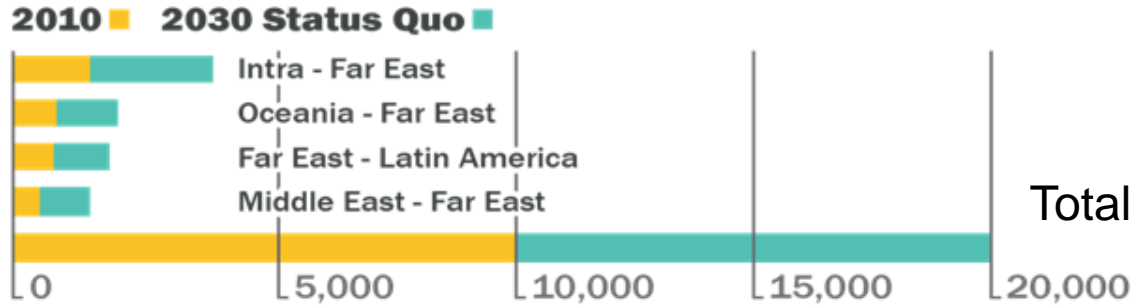


Global Trade will at least double in the next 20 Years





Short Sea Shipping Expected to Grow



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

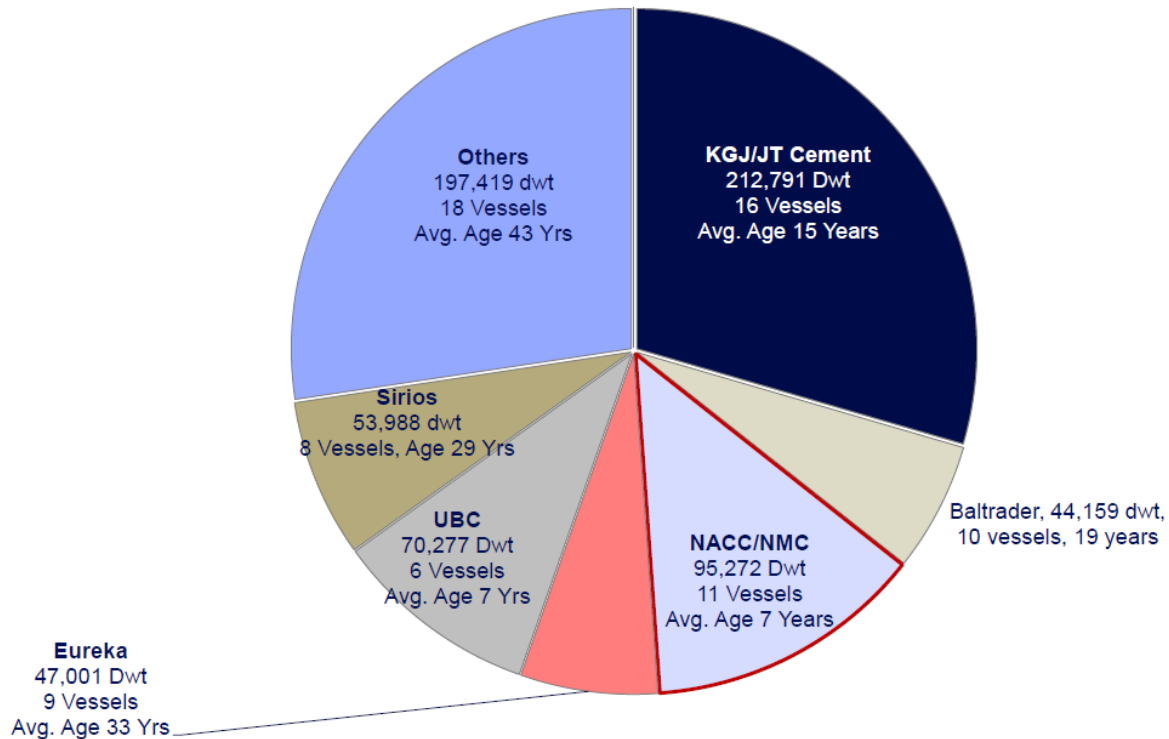


NACC Star in Nice, France





NACC is Now #2 Globally



source: Howe Robinson Cement Desk, Howe Robinson Research

Strong Global Footprint





Growing Through Partnership

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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.



- Anoop Prihar, GMP Securities L.P.





QUESTIONS?