

2019

A Year In Review



Your Marine Carrier of Choice

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Vision & Values



Marine Carrier of Choice



TEAMWORK

We are stronger together.



PASSION

We are committed in heart and mind, we are driven and we are proud.



INTEGRITY

We are honest, we are courageous and we always strive to make the right choice.



OWNERSHIP

We take accountability for our actions and we are empowered to initiate change.



SUSTAINABILITY

We believe in our people, we care for our planet and we work to ensure the prosperity of our stakeholders.

A Message From Our CEO

As fiscal 2019 drew to a close, the senior leadership team of Algoma met away from the work-a-day demands of the office with one purpose in mind – consider the Company’s existing vision statement and corporate values and update them to reflect our current goals and priorities. This meeting led to a new vision and values. While the words may be new, I am happy to say they are fully consistent with the business strategy we adopted four years ago.

Marine Carrier of Choice

Our new vision statement verbalizes something that has always been a goal for Algoma. It emphasizes a fact we know well – all stakeholders have choices and we want Algoma to be at the top of their list. This vision statement will drive our actions in all areas of the business:

- For **customers**, we want to be their go-to provider of marine freight services. We will do this by providing unsurpassed service and flexibility at a fair price. When our customers succeed, we succeed.
- For **employees**, we are proud they have chosen to work at Algoma and want them to stay with us until retirement. For potential employees, we want them to consider a job in marine transportation and with Algoma in particular, for an attractive and rewarding career.
- For **investors** and other capital providers, Algoma should be their first choice when they are thinking of investing their funds in the marine sector.
- For **vendors** and our business partners, we want them to value the relationship they have with Algoma because working together builds strength.
- For **society** as a whole, choosing marine transportation is a must because it has the lowest environmental footprint and, in many cases, is the only effective method for moving large volumes of materials.



Our values describe how we do the things we must do to be the marine carrier of choice. Our values, simply put, are:

- **Teamwork** – we are stronger together.
- **Passion** – we are committed in heart and mind; we are driven and we are proud.
- **Integrity** – we are honest, we are courageous, and we always strive to make the right choices.
- **Ownership** – We take accountability for our actions and we are empowered to initiate change.
- **Sustainability** – we believe in our people, we care for our planet, and we work to ensure the prosperity of our stakeholders.

We took action in 2019 and achieved progress on many fronts in furtherance of our goals:

- When the self-unloading Algoma Conveyor joined our fleet in the spring, she became the eighth vessel in the fleet to employ a closed loop exhaust gas scrubber, a technology that protects the planet by reducing sulphur oxide emissions and at the same time generates a solid return on investment. Two more equinox class vessels are under construction and scrubbed vessels will exceed 50% of our domestic fleet in the not too distant future.

Key Achievements



Added the Algoma Conveyor to the domestic fleet. The eighth vessel to employ a closed loop exhaust gas scrubber - a technology that protects the planet.



Added the Algoterra product tanker in April increasing our full size tanker fleet by 40% since early 2018.



Increased our position in the largest pool of ocean-going self-unloading vessels.



Strengthened cement business, adding a third vessel in Canada.

- We added the Algoterra product tanker in April which, combined with the Algonorth acquired last year, resulted in a 40% increase in our full size tanker fleet, enabling us to be more flexible and responsive to meet customers' needs.
- We bought out the third partner in the world's largest pool of self-unloading vessels, solidifying our position in the pool and in the niche market that it serves.
- We took steps to strengthen the cement business within our global short sea segment, including adding a third vessel servicing the key Canadian market.

Of course, 2019 was not without challenges, and living our values allowed the Company to rise to meet them. One of the most critical issues we, and the industry at large, face today is attracting and retaining skilled workers. This is one reason that being a marine employer of choice is so important to us. We took a number of initiatives in 2019 to address this issue, focusing on training and on ensuring the best combination of compensation and working conditions possible. There will always be more to do on this front and we continue to look for ways to make Algoma the employer of choice in our industry.

The environment was also a key focus in 2019. In particular, the Great Lakes experienced water levels at or approaching record levels for almost the entire year. Property owners, especially those with homes along the shores of Lake Ontario, experienced flooding that was unabated for much of the year. Unfortunately, there is no one simple solution for this situation, despite claims from some quarters that there is. We are taking a proactive,

cooperative approach, working closely with those charged with managing the waterways to identify and implement the best solution. By its very nature, the optimal solution is a compromise. It has not and cannot lead to a rapid decrease in water levels, or any closure of the seaway. Those who depend on marine transportation have borne their share of the costs already by adjusting operating practices.

We entered 2020 with a strong book of business, a healthy customer base, and employees ready to execute efficient operations. Now, as I write this, the world is facing unprecedented times as the spread of COVID-19 has affected countless businesses across Canada and around the world. Here at Algoma we have accepted the challenge of being an essential service and are continuing our operations. Our team has stepped up and been working harder than ever to put new measures in place to protect our crew, staff, customers and vendors while we continue to deliver essential goods that feed the world and fuel society's economic engine. Due to the current environment, we are experiencing higher volumes in grain and lower volumes in steel related shipments.

Our business, while an essential service, will experience reduced activity and lower returns, but I believe Algoma is resilient and well positioned to overcome the challenges ahead. We are, after all, your marine carrier of choice.

Gregg A. Ruhl

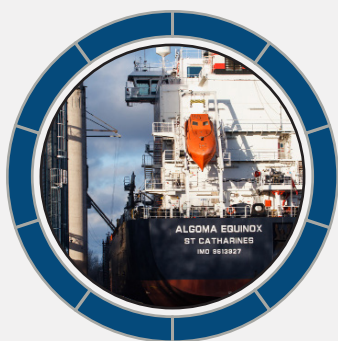
President & CEO

About Algoma

Algoma (TSX: ALC) owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes, including dry-bulk carriers and product tankers. Algoma also owns ocean self-unloading dry-bulk vessels operating in

international markets and a 50% interest in NovaAlgoma, which owns and operates a diversified portfolio of dry-bulk fleets serving customers internationally.

Visit algonet.com and follow us on social media [@AlgomaCentral](https://twitter.com/AlgomaCentral)



Domestic Dry-Bulk

Algoma offers customers within the Great Lakes - St. Lawrence Seaway and Atlantic Canada regions the most versatile fleet of dry-bulk carriers available today. Our domestic dry-bulk fleet comprises eight gearless dry-bulk carriers and 11 self-unloading dry-bulk carriers.



Product Tankers

The Product Tanker fleet of eight Canadian tanker vessels services energy industry customers on the Great Lakes, the St. Lawrence Seaway and the east coast of North America.



Ocean Self-Unloaders

This fleet of eight ocean-going self-unloading vessels participates in the world's largest Pool of these specialized vessels. The Pool provides transportation of dry-bulk commodities and trades primarily on the east and west coasts of North and South America.



Global Short Sea Shipping

The Global Short Sea Shipping segment comprises three joint ventures with our partner Nova Marine Holding SA of Lugano, Switzerland, including the largest fleet of pneumatic cement carriers in the world. This joint venture has grown rapidly since it began in early 2016.



Proudly Celebrating

120 Years of History



1900

Four steamships are purchased for freight and passenger service. The Algoma Central Steamship Line is born.



1935

Ships are re-named with the prefix ALGO.



1973

Algocen Realty Holdings is established while the Corporation's self-unloader fleet continues to expand.



1995

Algoma Central Railway was sold.



1899

Algoma Central and Hudson Bay Railway Company is founded by Francis Clergue in Sault Ste. Marie, Ontario.



1913 - 1914

Head office and railway station opens in Sault Ste. Marie Ontario and the Algoma bear logo is introduced.



1951 - 1959

Algoma Steamships Limited is formed. 1959 marks the end of the Corporation's long period of receivership.



1990

The name was changed to Algoma Central Corporation.

Proudly Celebrating

120 Years of History



1998

Algoma expands its domestic shipping operations and Algoma Tankers Limited is formed, leading to the acquisition of Imperial Oil's Great Lakes fleet.



2013

The first Equinox Class vessel, the Algoma Equinox, arrives in Canada marking the beginning of the fleet renewal program of 10 new build vessels.



2016-2017

Algoma joins Nova Marine Carriers in the NovaAlgoma joint venture creating NovaAlgoma Cement Carriers and NovaAlgoma Short Sea Carriers



1997

Algoma acquires a 50% interest in Marbulk Canada Inc. expanding into ocean self-unloaders.



2011

Algoma buys out its partner and becomes sole owner of the domestic dry-bulk business.



2015

To focus exclusively on marine transportation, Algoma begins liquidation of the Company's real estate portfolio.



2018-2019

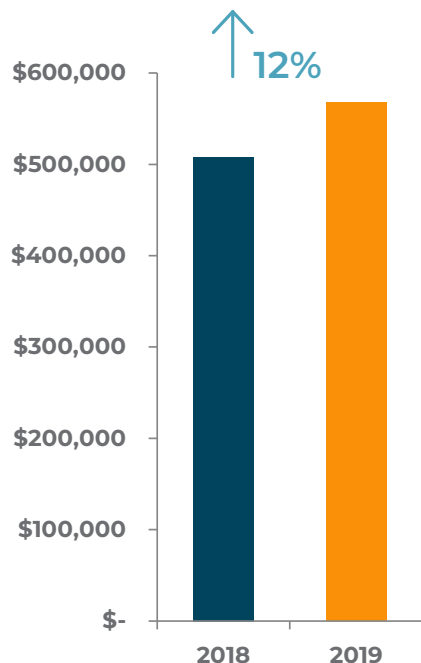
Algoma increases its interests in Product Tankers purchasing two additional vessels and also increases its interest in the Ocean Self-Unloader pool with the purchase of three vessels.

Financial Highlights

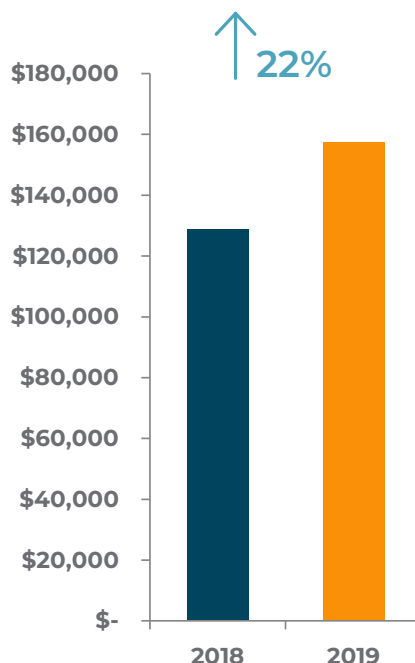
Fiscal 2019

For full 2019 Financial Results visit: algonet.com/investor-relations or SEDAR at sedar.com.

Revenue (\$M)



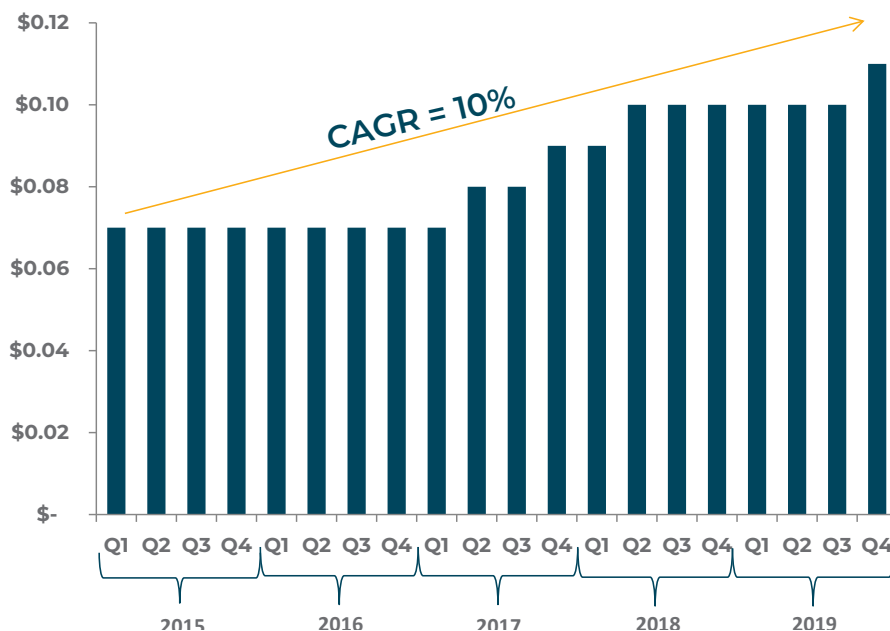
EBITDA (\$M)



Adjusted EPS



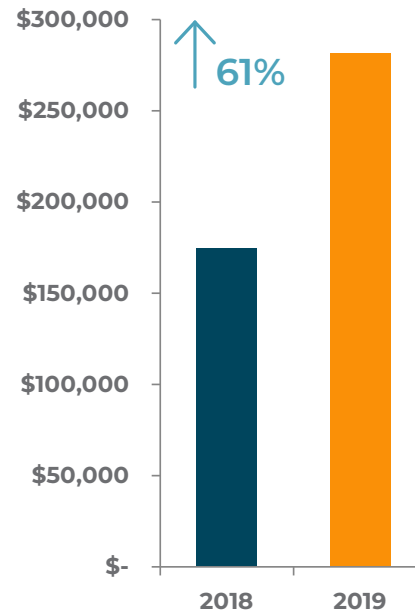
Dividends



Revenue Outside of Canada



Assets Outside of Canada



"Algoma has continued to invest to strengthen and diversify its business. In 2019, we invested nearly \$150 million to grow our Tanker and Ocean Self-Unloader fleets"

- **Peter Winkley, CFO**






Delivering Our Strategy

2018 to 2019

In last year's report we set out to drive improved profitability from each business unit and target capital deployment to key strategic initiatives. Although some objectives are on-going, we were able to successfully reach many of our goals.

2019 Objectives

1. Develop talented pool of Canadian Seafarers 
2. Acquire and integrate new product tankers 
3. Increase vessel availability¹ 
4. Acquire and integrate 3 ocean self-unloaders 
5. Improve return on Global Short Sea Shipping² 
6. Improve Return on Equity² 
7. Prepare for IMO 2020 in ocean fleets 

1. Vessel availability impacted by mechanical issue.
2. Return on Global Short Sea Shipping and overall return to equity negatively impacted by an impairment provision.



Strategic Focus

2020 Objectives

Domestic Dry-Bulk

- Increase fleet availability from 93% to 98%.
- Reduce GHG emissions by improving fuel economy by 2.5%.
- Continue on-going fleet renewal.

Product Tankers

- Improve fleet availability from 96% to 99%.
- Ensure long-term availability of qualified seafarers.

Ocean Self-Unloaders

- Successfully complete aggressive dry-docking plan for five vessels.
- Implement IMO 2020 and install ballast water treatment systems.

Global Short Sea Shipping

- Advance mini-bulker new build program and optimize deployment.
- Focus on operational excellence in cement and mini-bulker segments.
- Improve return on equity.

Implement our new Vision and Values throughout the organization

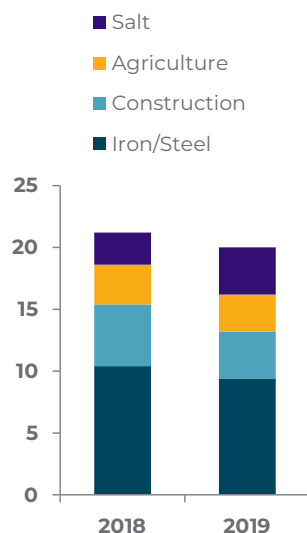


Domestic Dry-Bulk

2019 Operational Highlights

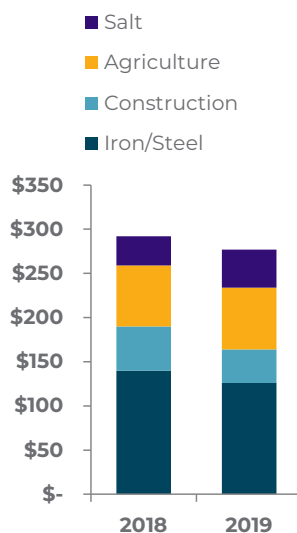
The Domestic Dry-Bulk segment capitalized on improving market rates on nearly 40% of Domestic Dry-Bulk segment volumes. Although results were positive the industry is also facing a challenging cost environment.

High vessel utilization partially offset a reduction in fleet size compared to last year.



Volume (millions)

Overall volumes decreased 5.5% compared to 2018 reflecting a decrease in the number of vessels in the fleet. Decreases in iron and steel and construction materials were largely offset by a significant increase in salt volumes.



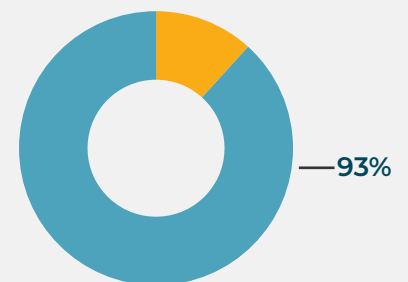
Revenue (millions)

Although overall volumes decreased in 2019, favourable contract renewals have resulted in improved rates, partially offsetting the reduction in fleet capacity.

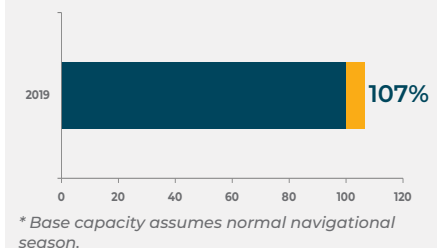


Vessels in Fleet (at year end)

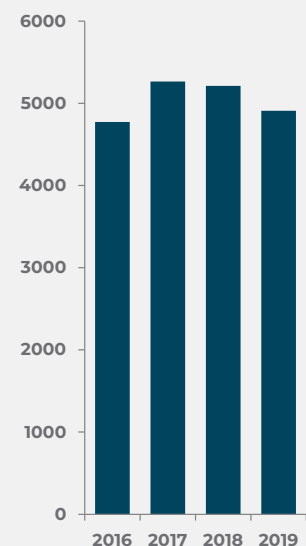
Vessel Availability

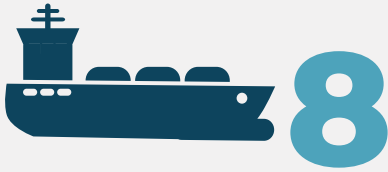


Commercial Utilization



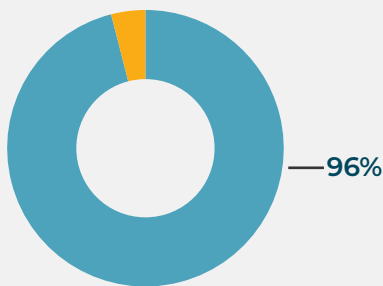
Revenue Days



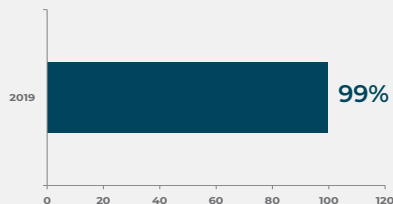


Vessels in Fleet (at year end)

Vessel Availability

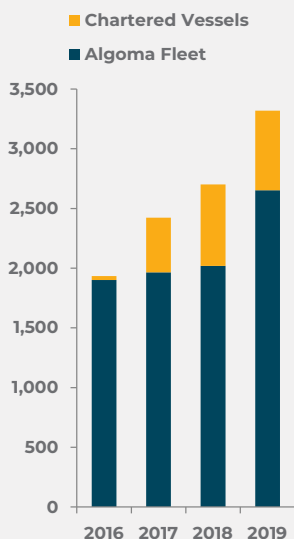


Commercial Utilization



* Base capacity assumes normal navigational season.

Vessel Days

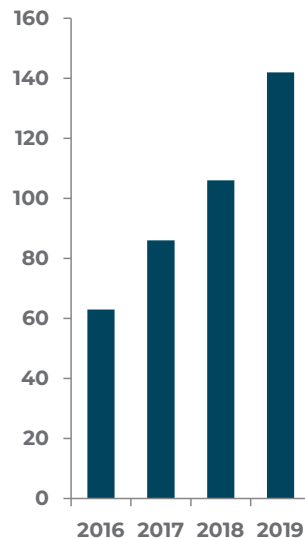


Product Tankers

2019 Operational Highlights

The Product Tanker segment was busy during 2019 with the continuation of strong customer demand from the Company's major customer. This demand led to a 34% increase in revenue, which was met, in part, with the continued use of outside chartered capacity despite the addition of two tanker vessels to the fleet.

Anticipating the strong demand, the Algonorth joined operations at the end of 2018 and the Algoterra joined during the second quarter of 2019.



Revenue (millions)

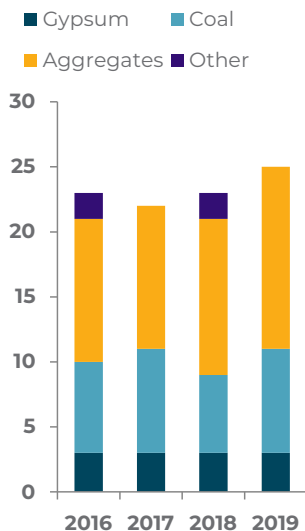
In 2019 the Company increased its tanker fleet capacity by 32% with the addition of a seventh full size tanker, more than tripling segment operating earnings.

Ocean Self-Unloaders

2019 Operational Highlights

The Ocean Self-Unloader segment continued to experience improved Pool performance with growing customer demand, higher volumes and improved freight rates.

The three new vessels that were acquired in June have been a positive addition to the fleet putting Algoma in a stronger position in this niche market.



Pool Volumes (millions, MT)

Higher volumes in coal and aggregates drove a 9% increase in overall Pool volumes. The increase was partially offset by slightly lower volumes in other sectors.



Revenue (millions)

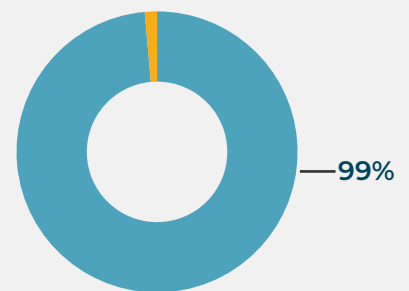
Revenue in the segment increased significantly in 2019, primarily as a result of the larger fleet size along with the improvement in Pool performance.



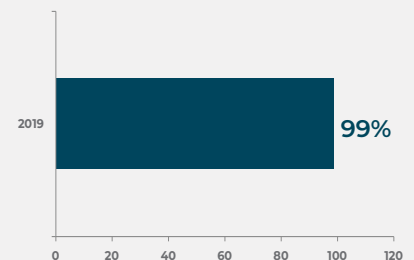
8

Vessels in Pool (at year end)

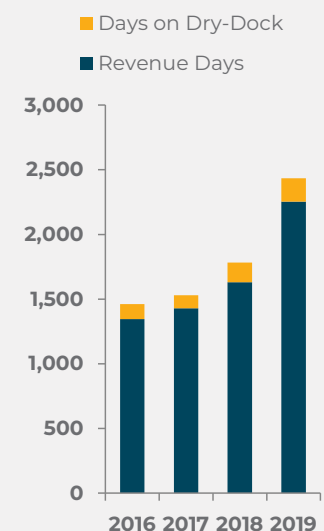
Vessel Availability



Commercial Utilization



Revenue & Dry-Dock Days

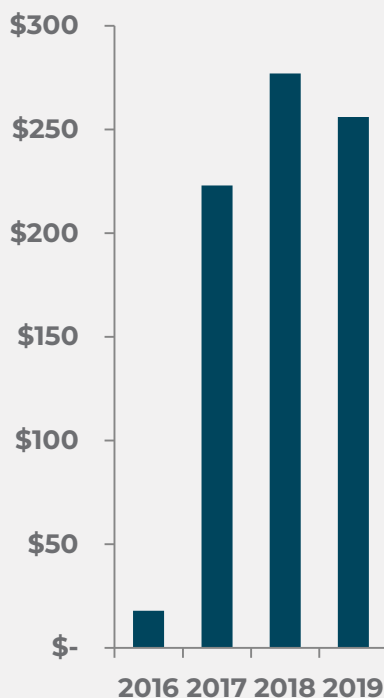


Global Short Sea Shipping

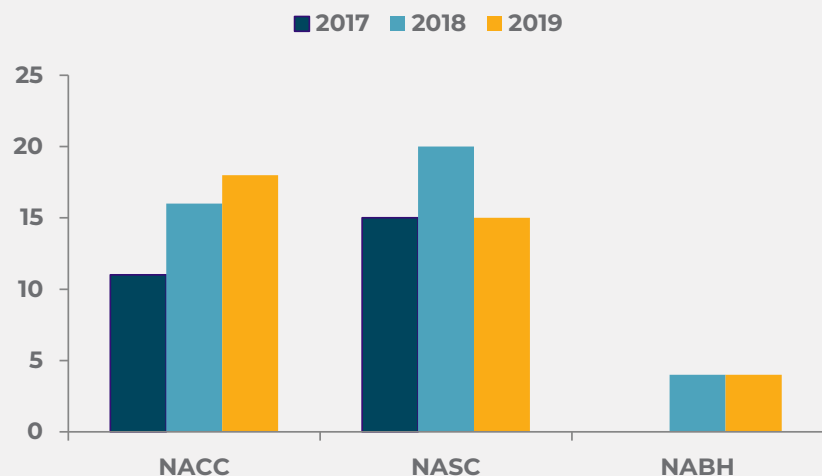
2019 Operational Highlights

During 2019 there was a reduction in the segment's mini-bulker fleet, which impacted revenue, offset by strong results in the cement carrier fleet. The cement business is strengthening and as a result there were two vessels added to the fleet, one of which operated in Canada, making her the third vessel operating in North America. Additionally, the handy-size fleet operated for the entire year compared to only half in 2018.

Joint Venture Revenue (millions)



Number of Owned Vessels at Year End

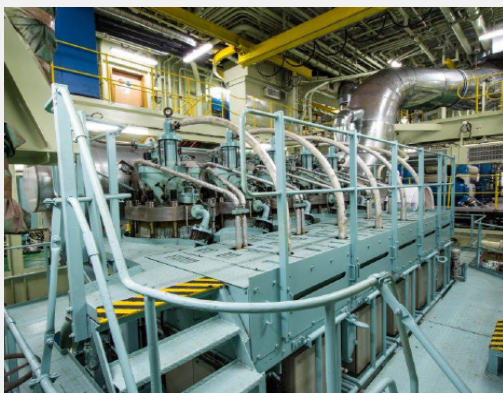


Fiscal 2019 revenues decreased 8% due to a reduction in the number of non-owned mini-bulker vessels under commercial management. This drop in revenue was partially offset by growth in the cement fleet, which grew by two ships, and

the handy-size fleet, which operated for only part of 2018. Three of the joint venture's cement ships operate in Canada and are technically managed by our St. Catharines team.

Outlook 2020

Algoma entered 2020 with a healthy customer base and a solid book of business. The navigation season began in uncertainty and although the precise impact of COVID-19 on our markets is unclear, Algoma is committed to keeping essential supply chains open. We know volumes will be lower, perhaps considerably, but we also know that our commitment to being the marine carrier of choice will guide us as we face these uncertain markets.



Switching to Low Sulphur Fuels - IMO 2020

The 'IMO 2020' global sulphur cap came into effect on January 1st, 2020. Our ocean self-unloader fleet and most of our tanker fleet have transitioned to marine diesel fuel to meet this requirement.

Our investment in closed loop exhaust gas scrubbers enables some of our dry-bulk fleet to burn heavy fuel oil and meet the new emission standards, reducing our need to switch fuels in that fleet.

Globally, marine transportation has been designated as an essential service. While this means that our businesses will continue to operate, for the most part, the environment in which we conduct business will be under stress. Our definition of a safe working environment has expanded to include avoidance of contracting or spreading COVID-19. Ensuring we can safely transport crew to and from ships will be an important task for all of our business units this year.



Domestic Dry-Bulk

Despite normally well balanced supply/demand and improving rates, the outlook for 2020 is uncertain. A reduction in volumes is certain, although the impact will vary by market segment. Iron and steel and construction markets, which are highly exposed to general economic trends, will be the most affected, while agricultural products and salt can be expected to be steady or even improve.



Product Tankers

Although fuel demand for both aviation and automotive uses is expected to drop, our focus will be on achieving the most efficient use possible of our tanker fleet. Somewhat lower utilization is possible for the upcoming year.



Ocean Self-Unloaders

Our ocean business is focused on power generation, primarily outside of North America, and construction, which are likely to be affected differently by the pandemic. While power generation is likely to experience little impact and may in fact grow, the pandemic is expected to affect construction work in some jurisdictions. Balancing vessel supply against changing volumes and demand patterns will be key.



Sustainability

Sustainability means more than just protecting the environment, it's about people, planet and prosperity. For this report we wanted to focus on our environmental and safety achievements in 2019.



Core Values

Sustainability was identified as one of Algoma's core values in 2019, highlighting its importance to the Company and its employees. We conducted sustainability surveys of our shore and ship board employees to help inform strategy development. Looking forward to 2020, sustainability is a strategic priority.

"We believe in our people, we care for our planet and we work to ensure the prosperity of our stakeholders."

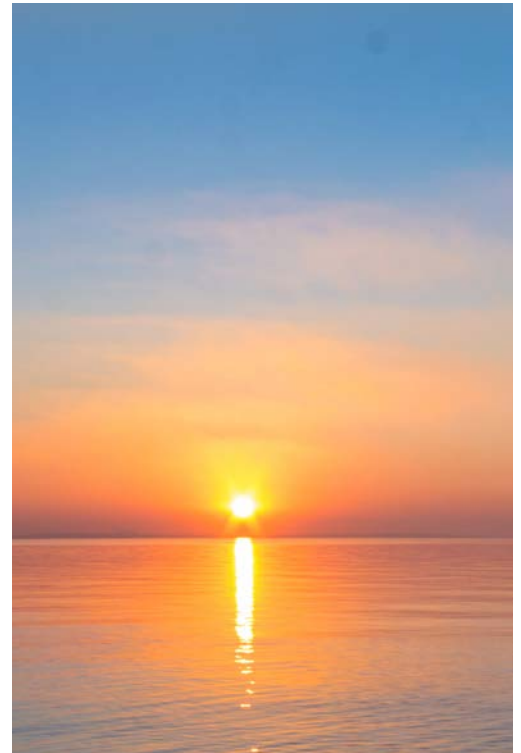
Environment

As the impacts of climate change become more evident, carbon reduction continues to be a focus for the shipping industry and for Algoma. We launched several GHG reduction projects in 2019 and continued our focus on a number of on-going initiatives related to optimizing efficiency and reducing fuel consumption. We have set a GHG reduction target of 25% by 2025.

To assist in whale conservation efforts, management plans were introduced on our vessels in early 2019 to increase awareness of the impacts of underwater noise and ship strikes on marine mammals, including mitigation procedures and practices. Algoma also participates in a regional whale observation network, logging and reporting over 250 sightings over the last two years.

Safety

The total number of lost time injuries throughout the Algoma fleet was reduced by 15% in 2019 compared to 2018. We know there is always more to do though, and remain committed to further reducing the number and severity of injuries towards the ultimate goal of Zero.



Our continued focus on awareness, hazard identification and looking out for others supports this commitment. A Hazard ID is a pro-active tool in which shipboard and shore personnel observe work related activity and provide feedback to the person(s) conducting the task.



Installing ballast water treatment systems on 5 Ocean Self-Unloaders and a test unit on our newest Equinox Class Vessel.



15%

Reduction in Lost Time Injuries

Compared to 2018.

19%

Reduction in GHG emissions since 2009

Dry-bulk fleet, per tonne kilometre of cargo carried.

4.3/5

Green Marine Score

This puts us in the top 10% of shipowners in the program.

11

Closed-Loop Exhaust Gas Scrubbers

Installed on vessels in our domestic fleet including vessels expected to begin operation in 2020 & 2021

7043

Hazard IDs

Number of Hazard IDs completed in 2019.

**2019/2020
Sustainability
Highlights**



Your Marine Carrier of Choice