

ALGOMA CENTRAL CORPORATION REPORTS OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

St. Catharines, Ontario February 26, 2021 - Algoma Central Corporation ("Algoma" or "the Company") (TSX: ALC), a leading provider of marine transportation services, today announced its results for the year ended December 31, 2020. (All amounts reported below are in thousands of Canadian dollars, except for per share data and where the context dictates otherwise.)

Algoma is reporting very strong financial results for 2020, a year in which a global pandemic introduced a number of economic and operating challenges. As a marine transportation company and a provider of critical marine infrastructure, the Company is a key link in our customers' supply chains. Algoma, along with others in the industry, was deemed an essential service and the Company operated throughout the pandemic. In the face of these unprecedented operating conditions, the Company delivered a 16% increase in EBITDA, and a 92% increase in earnings per share (29% increase on an adjusted basis - see Management's Discussion and Analysis).

Fiscal 2020 business highlights include:

- A favourable mix of trades coupled with strong freight rates drove higher results in the Domestic Dry-Bulk segment. The segment experienced increased volumes in the higher margin grain and salt sectors, while volumes in the iron ore and construction materials sectors were lower than the prior year.
- The Product Tanker segment experienced strong utilization for movements of products from the Great Lakes to the east coast, despite a decline in retail fuel consumption that resulted from the reductions in air travel and personal vehicle use in the spring and summer.
- In the Ocean Self-Unloader segment, five dry-dockings were undertaken successfully during the year, despite facing challenges associated with the COVID-19 pandemic, and tight cost control enabled the company to partially offset the impact of weakness in volumes shipped.
- The Company completed a refinancing of its senior secured credit facilities in December in advance of mid-2021 scheduled maturities, securing long-dated debt on highly favourable terms.
- The Company's Board of Directors authorized payment of a Special Dividend to shareholders of \$2.65 per common share as a result of the re-financing mentioned above. The dividend was paid on January 12, 2021 to shareholders of record on December 28, 2020.

EBITDA, which includes our share of joint venture EBITDA, for the year ended December 31, 2020 was \$174,063 an increase of 16% or \$23,543, compared to the prior year. EBITDA is determined as follows:

For the periods ended December 31	2020	2019
Net earnings	\$ 45,850	\$ 24,159
Depreciation and amortization	91,998	85,623
Interest and taxes	32,874	29,905
Foreign exchange (gain) loss	(534)	1,770
Impairment provision	9,746	15,970
Gain on disposal of assets	(5,871)	(6,907)
EBITDA	\$ 174,063	\$ 150,520

"When I reflect on the year here at Algoma, the resiliency of the Algoma team always comes first to my mind," said Gregg Ruhl, President and CEO of Algoma Central Corporation. "Our teams, both shipboard and shoreside, have had to pivot and adapt countless times this year and I couldn't be more proud of the hard work, dedication and strength demonstrated by everyone in the Algoma family," continued Mr. Ruhl. "We reacted to the COVID-19 pandemic early in March and we were able to respond quickly to address the needs of our customers and, as a result, we experienced very strong financial results. Although the year came with its challenges, we successfully deployed our fleet to meet new market demand and we did this all while maintaining our commitment to providing safe, efficient and reliable transportation of essential goods both domestically and around the world."

Outlook

The steady improvement in volumes over the latter part of 2020 in the Domestic Dry-Bulk segment is expected to be sustained into 2021. Salt products are expected to continue to grow, offsetting a return of grain volumes to more normal levels and shortfalls in other

commodities compared to historic levels. The Product Tanker segment is very dependent on progress in re-opening the economy and the country and particularly how this impacts air and vehicle traffic. The current expectation for Product Tankers is for reduced revenue days compared to 2020, when we benefited from logistics decisions taken by our main customer that we do not expect to be repeated in the coming year. The Ocean Self-Unloader business should benefit from an increase in on-hire days now that the heavy dry-docking calendar is behind us and Pool volumes are expected to continue a slow recovery over the course of 2021.

We expect the cost environment to be more difficult in 2021 as the Company makes significant investments in training and developing its next generation of shipboard employees. In addition, maintenance and lay-up spending is expected to rise, partially reflecting the impact of the 2020 decisions to defer spending, as well as dry-dockings that are required for certain domestic vessels.

For the periods ended December 31	2020	2019
Revenue	\$ 545,660	\$ 567,908
Operating expenses	(366,693)	(408,240)
Selling, general and administrative	(29,727)	(31,283)
Depreciation and amortization	(75,154)	(70,015)
Operating earnings	74,086	58,370
Interest expense	(19,738)	(19,860)
Interest income	238	1,167
Gain on sale of property	5,621	—
Foreign currency gain (loss)	351	(886)
	60,558	38,791
Income tax expense	(9,503)	(5,109)
Net loss from investments in joint ventures	(5,205)	(9,523)
Net Earnings	\$ 45,850	\$ 24,159
Basic earnings per share	\$ 1.21	\$ 0.63
Diluted earnings per share	\$ 1.19	\$ 0.63

For the periods ended December 31	2020	2019
Domestic Dry-Bulk		
Revenue	\$ 286,156	\$ 281,680
Operating earnings	46,752	33,435
Product Tankers		
Revenue	114,273	141,912
Operating earnings	21,550	19,899
Ocean Self-Unloaders		
Revenue	134,109	131,425
Operating earnings	18,791	18,673
Corporate and Other		
Revenue	11,122	12,891
Operating loss	(13,007)	(13,637)

The MD&A for the year ended December 31, 2020 includes further details. Full results for the year ended December 31, 2020 can be found on the Company's website at www.algonet.com/investor-relations and on SEDAR at www.sedar.com.

Normal Course Issuer Bid

On March 19, 2020, the Company renewed its normal course issuer bid with the intention to purchase, through the facilities of the TSX, up to 1,890,457 of its Common Shares ("Shares") representing approximately 5% of the 37,809,143 Shares which were issued and outstanding as at the close of business on March 4, 2020 (the "NCIB"). The Company bought 23,600 shares under NCIBs in 2020.

The Company intends to renew its normal course issuer bid upon receipt of the required approvals from regulatory authorities.

Cash Dividends

The Company's Board of Directors has authorized payment of a quarterly dividend to shareholders of \$0.17 per common share, an increase of \$0.04 per common share. The dividend will be paid on March 1, 2021 to shareholders of record on February 15, 2021.

Use of Non-GAAP Measures

There are measures included in this press release that do not have a standardized meaning under generally accepted accounting principles (GAAP). The Company includes these measures because it believes certain investors use these measures as a means of assessing financial performance. EBITDA is a non-GAAP measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Please refer to the Management's Discussions and Analysis for the year ended December 31, 2020 for further information regarding non-GAAP measures.

About Algoma Central

Algoma owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes - St. Lawrence Waterway, including self-unloading dry-bulk carriers, gearless dry-bulk carriers, cement 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.

For further information please contact:

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Or visit

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