

# Company Background Presentation



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November 7, 2022





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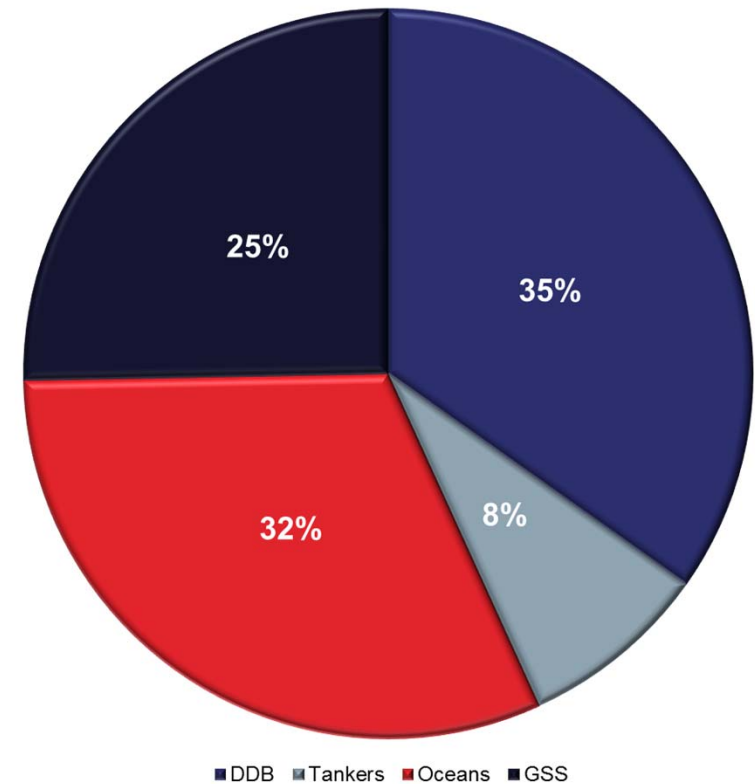
**ALL AMOUNTS IN C\$ MILLIONS, UNLESS OTHERWISE NOTED**



# Algoma Central – Provider of Critical Maritime Infrastructure

- Incorporated in 1899 as the Algoma Central Railway Company, Algoma Central Corporation (“Algoma” or the “Company”) owns and operates the largest fleet of dry and liquid bulk carriers on the Great Lakes - St. Lawrence Waterway
  - Leader in the shipment of bulk commodities in the Great Lakes and specialized markets internationally
  - Provides maritime transportation services that are a core, necessary component of its customers’ supply chains
  - High barriers to entry protect Algoma’s market leadership position
  - Ownership interest and management of approximately 80 vessels
  - Large, modern and well-maintained fleet with a replacement value of \$2bn, of which \$1.3bn is related to the Company’s core domestic specialized fleet
  - Long operating track record with over 70 years of uninterrupted profitability
- TTM results to Q2 2022: Reported Revenue of C\$647 million and net earnings of C\$102 million
- TTM EBITDA of C\$197 million and Free Cash Flow of C\$132 million
- Listed on the TSX since 1959 (TSX: ALC)
- Headquartered in: St. Catharines, Ontario, Canada with ~1,500 employees

Share Of Earnings



Great Lakes, St. Lawrence Waterway, and Atlantic Canada		International Niche Markets / Trades	
Domestic Dry-Bulk	Domestic Product Tankers	Ocean Self-Unloaders	Global Short Sea Shipping
<ul style="list-style-type: none"> <li>Versatile fleet of dry-bulk vessels comprising both self-unloading carriers and gearless bulkers</li> </ul>	<ul style="list-style-type: none"> <li>Safe and reliable transportation services for liquid petroleum products with a fleet of tanker vessels</li> <li>New JV in LNG tankers in North Europe</li> </ul>	<ul style="list-style-type: none"> <li>Transport of dry-bulk commodities centered in North and Central America with a unique fleet of ocean-going self-unloading vessels</li> </ul>	<ul style="list-style-type: none"> <li>Three 50% JVs with NovaMarine; includes specialized cement carriers, short sea mini bulkers, and deep sea bulkers</li> </ul>



## Not Just Another Shipping Company – Why Algoma is Different

		Typical International Shipping Company
Business Model	✓ Provider of service and assets necessary for customers' supply chains	✗ Asset provider (just steel) ✗ Commoditized
# of Market Participants	✓ Limited	✗ Highly fragmented
Assets	✓ Specialized to suit trading regions and commodities transported	✗ Standardized
Employment	✓ Long-term focus with strong earnings visibility ✓ COA business with network efficiencies providing customer retention advantage	✗ Typically spot or short-term oriented with earnings volatility
Barriers to Entry	✓ High; relationships, scale, regulations and specialized vessels	✗ Limited; mainly capital











# Business Unit Overview

	Great Lakes, St. Lawrence Waterways, and Atlantic Canada		International Niche Markets / Trades	
	Domestic Dry-Bulk	Domestic Product Tankers	Ocean Self-Unloaders	Global Short Sea Shipping
<b>Commodities Transported</b>	<ul style="list-style-type: none"> <li>Dry-bulk products including iron ore, grain, salt and stone aggregates</li> </ul>	<ul style="list-style-type: none"> <li>Primarily semi-refined products between refineries, which are essential in keeping the facilities operational</li> <li>Also transport refined products such as gasoline, kerosene and jet fuel</li> </ul>	<ul style="list-style-type: none"> <li>Coal, crushed aggregates for construction, gypsum for wallboard, iron ore and salt for winter road safety</li> </ul>	<ul style="list-style-type: none"> <li>Specialized cement fleet carries powdered cement for use in construction/infrastructure projects</li> <li>Diverse set of dry-bulk commodities in support of agricultural, cement, construction, energy and steel industries worldwide</li> </ul>
<b>Contract Terms</b>	<ul style="list-style-type: none"> <li>Primarily long-term contracts of affreightment supplemented by focused time charters</li> <li>Freight rate agreements include a mechanism to pass fuel cost changes through to customers and a CPI adjustment</li> <li>Contract terms generally vary between 3 and 7 years</li> </ul>	<ul style="list-style-type: none"> <li>Long-term time charter based services agreements where rates are set for each ship on \$ per-day basis</li> <li>Base time charter rates are subject to a CPI adjustment mechanism</li> <li>Customers bear fuel and voyage costs directly</li> </ul>	<ul style="list-style-type: none"> <li>Primarily contracts of affreightment, typically with annual escalation clauses</li> <li>Longer term, up to 10 years</li> <li>Fuel cost (bunkering) adjustment clauses</li> </ul>	<ul style="list-style-type: none"> <li>Longer term time charters and COAs in specialized cement space with long-standing customer relationships in regional short-sea markets</li> <li>In the short-sea mini bulker space, shorter term COA's and charters (1-yr or less) in regional markets with long-term customers</li> </ul>
<b>Fleet Overview</b>	<ul style="list-style-type: none"> <li>11 self-unloading bulk carriers and 8 gearless bulk carriers<sup>(1)</sup></li> <li>2 new self-unloading vessels under construction for delivery in 2024</li> </ul>	<ul style="list-style-type: none"> <li>7 ice class domestic product tankers; charter additional capacity to meet demand</li> <li>1 ice class international tanker currently under bare boat charter in Northern Europe</li> <li>JV formed in 2022 (50% interest) building 8 new LNG powered ice class tankers for Northern Europe</li> </ul>	<ul style="list-style-type: none"> <li>8 ocean self-unloaders commercially managed as part of the 18 vessel CSL International Pool</li> <li>Launching a new building program to replace vessels that will be retiring over the next 8 years</li> </ul>	<ul style="list-style-type: none"> <li>Consists of three JV's with 50% interest in specialized global fleets <ul style="list-style-type: none"> <li>29 pneumatic cement carriers</li> <li>17 mini-bulkers</li> <li>2 deep-sea bulkers</li> </ul> </li> <li>"Asset-light" optionality, which is not available domestically</li> </ul>
<b>Key Customers</b>				

(1) One bulk carrier is owned by a third party.

# Specialized Asset Base – A Necessary Link in Supply Chains of Customers

	Lakes Self-Unloader	Lakes Gearless Bulker	Domestic Product Tanker	Ocean Self-Unloader	Specialized Cement Carrier	Short & Deep Sea Mini-Bulker
						
<b>Key Features</b>	<ul style="list-style-type: none"> <li>Size: 23-37,000 dwt</li> <li>Discharge cargo using on-board equipment; does not require port infrastructure</li> <li>Can discharge directly to stockpiles or storage facilities</li> <li>Cargo in holds emptied onto conveyor belt and out on a mounted boom</li> </ul>	<ul style="list-style-type: none"> <li>Size: 31-39,000 dwt</li> <li>Maximum size that can effectively navigate the Great Lakes region (max LOA of 740 ft)</li> </ul>	<ul style="list-style-type: none"> <li>Size: 11-18,500 dwt</li> <li>IMO II ice-class product tankers</li> <li>Smaller size vessels, well-suited to needs of regional trade</li> <li>Specialized crews that meet qualifications required</li> </ul>	<ul style="list-style-type: none"> <li>Size: 45-76,000 dwt</li> <li>Larger, specialized vessels offering exceptional versatility and efficiency</li> <li>Can operate and discharge cargo in any accessible waterway</li> <li>Reduces infrastructure and labour requirements</li> <li>Competitive solution that results in customer stickiness</li> </ul>	<ul style="list-style-type: none"> <li>Size: 4-15,000 dwt<sup>(1)</sup></li> <li>Utilize a specialized pneumatic pump system to load and discharge cement powder in an efficient and environmentally responsible manner</li> <li>Largest and youngest fleet of pneumatic cement carriers in the world</li> <li>Generally smaller and well suited to regional or hub-and-spoke trades</li> </ul>	<ul style="list-style-type: none"> <li>Size: 6-15,000 dwt</li> <li>Generally equipped with cranes and grabs for unloading and designed to maximize cargo capacity in ports with draft and other port/dock restrictions</li> <li>3 of 5 contracted new build vessels have been delivered, which will provide significant speed, capacity and fuel efficiency advantages versus competing assets</li> </ul>
<b>Principal Trades</b>	<ul style="list-style-type: none"> <li>Road salt, aggregates and other construction materials</li> <li>Iron ore and coal for steelmaking</li> <li>Grain for domestic milling</li> </ul>	<ul style="list-style-type: none"> <li>Grains from Lakehead to elevators on the lower St. Lawrence for transshipment to global markets</li> <li>Iron ore from U.S. mid-west to the Gulf of St. Lawrence ports for export</li> </ul>	<ul style="list-style-type: none"> <li>Cargoes include a variety of refined petroleum products and can also include crude oil</li> <li>The vessels are capable of and occasionally carry non-petroleum based chemicals</li> </ul>	<ul style="list-style-type: none"> <li>Commodities moved include aggregates, stone, gypsum, and thermal coal</li> <li>Construction products into US, Caribbean markets, and Canada</li> <li>Coal into same markets ex-US</li> </ul>	<ul style="list-style-type: none"> <li>Great Lakes, St. Lawrence River and East Coast</li> <li>South East Asia; Mediterranean; Caribbean and Baltic</li> <li>Other Global markets</li> </ul>	<ul style="list-style-type: none"> <li>Vessels trade principally in Europe and on East Coast of North and South America</li> <li>Also support agricultural, energy, construction and steel industries worldwide</li> </ul>

(1) One cement carrier with a capacity of 27,000 dwt.

# A Leader in the Great Lakes Market

**Proven track record and reputation as a leading Great Lakes provider that continuously delivers a high quality, reliable service to its customers**

## 1 Hard-to-Replicate Brand, Asset Base and Business Model

- Largest operator in the Great Lakes - St. Lawrence Waterway
- Strong reputation and best-in-class commercial experience
- A compelling contracted business model predicated on management's market intelligence and long-term customer relationships
- Large, modern and well-maintained fleet with a replacement value of \$2bn, of which \$1.3bn is related to the Company's unique, core domestic specialized fleet



## 2 Sticky, Long-Term Relationships with Blue-Chip Customers

- Trusted and critical supply chain partner to numerous blue-chip companies
  - Scale and track record provides ability to serve largest and most demanding customers
  - Relationship history with top customers span multi-decades
- Revenues driven primarily through multi-year contracts, allowing for a strong base of contracted cash flows
- Mutually beneficial partnerships reinforce defensible market position

## 3 Safety and Operational Excellence

- Service delivery is underpinned by a rigorous approach to safety, security and environmental protection
- Compliance and risk management are key differentiators in the industry and are critical for operators to do business with blue-chip customers

# Senior Management Team with Strong Commercial Knowledge and Valuable Customer Relationships



## Algoma's Senior Team



**Gregg Ruhl**  
President and  
Chief Executive Officer

*Joined Algoma: 2015  
Industry Experience: 34 years*



**Peter D. Winkley**  
Executive Vice-President and  
Chief Financial Officer

*Joined Algoma: 2010  
Industry Experience: 12 years*



**J. Wesley Newton**  
Executive Vice-President, Corp.  
Dev. and General Counsel

*Joined Algoma: 2011  
Industry Experience: 11 years*



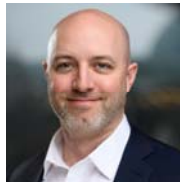
**Bart Reynolds**  
Executive Vice-President,  
Operations and Technical

*Joined Algoma: 2022  
Industry Experience: 22 years*



**Christopher A. L. Lazarz**  
Vice-President, Corporate  
Finance

*Joined Algoma: 2011  
Industry Experience: 11 years*



**Jeffrey M. DeRosario**  
Vice-President,  
Commercial

*Joined Algoma: 2013  
Industry Experience: 9 years*

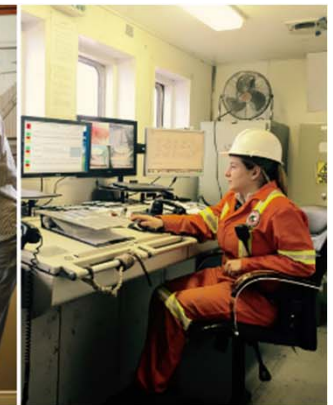


**Steve Wright**  
Senior Vice-President,  
Technical

*Joined Algoma: 1983  
Industry Experience: 37 years*

## Algoma Benefits From a Highly Skilled, Engaged and Trained Workforce

- ✓ Employs 1,500+ people across the globe
- ✓ Employer of choice
- ✓ Industry leading employee retention
- ✓ Heavily invested in training and continuous improvement initiatives
- ✓ Approximately 60% of its employee base has an average tenure of more than 5+ years







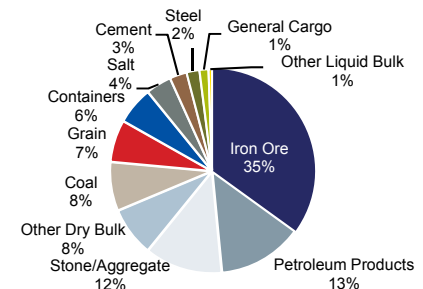
# A Diverse Set of Commodities Moves Through the Great Lakes Seaway System



**Commentary on Great Lakes-St. Lawrence River Waterway**

- Grain for overseas markets including wheat, corn, soybeans, barley, canola, and oats
- Dry bulk such as stone/gravel, sand, salt, cement, potash, and gypsum
- Iron ore for the steel industry
- Liquid bulk products shipped include refined petroleum products (gasoline, diesel, kerosene, jet fuel) and alternate fuels (ethanol, biodiesel)

**Great Lakes-St. Lawrence River Waterway Cargo Breakdown<sup>(1)</sup>**



(1) By tonnage moved in thousands of metric tons.

Source: The St. Lawrence Seaway Mgmt. Corp., Saint Lawrence Seaway Development Corp. and Chamber of Marine Commerce.



Thank You

