Algoma Central Corporation - Operating Results

(In thousand of dollars except per share data)

For the Three and Twelve Months Ended December 31, 2014 and 2013

(TSX : ALC)

ST. CATHARINE'S, ON, Feb. 20, 2015 /CNW/ -

Fourth Quarter Results

The Corporation is reporting revenues for the 2014 fourth quarter of $149,662 compared to $148,864 for the fourth quarter of 2013. Increases in revenues were achieved for all segments except the Product Tanker segment.

The segment earnings after income taxes were $35,895 for the 2014 fourth quarter. Included in the 2014 quarterly results was an impairment reversal in the Product Tanker segment of $10,302. Excluding this from the 2014 quarterly results, segment earnings for the 2014 quarter would have been $25,593 compared to earnings of $21,573 for the fourth quarter of 2013.

All business segments experienced improvements in earnings except for the Ocean segment whose earnings for the 2014 fourth quarter were approximately the same as the 2013 fourth quarter. The results of the Domestic Dry Bulk segment increased primarily due to the addition of the two new Equinox vessels and strong domestic demand.

Excluding the impact of the impairment reversals, Product Tanker results improved due to additional operating days and reduced expenses. Real Estate results improved due to higher occupancy and a reduction in one time costs that were incurred in 2013.

Interest income in 2013 included $3,849 of interest received on our recovered international tanker construction instalments. Also in 2013, the Corporation settled an outstanding tax dispute with the Canada Revenue Agency resulting in the return of tax instalments including interest of $2,006.

Income tax expense in 2013 includes a provision of $4,618 related to the settlement of the outstanding tax dispute with the Canada Revenue Agency.

The net earnings and basic earnings per share were $35,318 and $0.91, respectively, compared to $22,849 and $0.59, respectively, for the same period last year.

Twelve-Month Results

The Corporation is reporting 2014 revenues of $503,683 compared to $491,499 for the same period in 2013. The increase is mainly attributable to the domestic dry-bulk business as a result of strong customer demand and high fleet utilization compared to the prior year. This increase was partially offset by reduced volumes for domestic tankers and ocean shipping. Real estate revenues were higher in 2014 compared to 2013.

Segment earnings after income taxes were $58,104 in 2014 compared to $46,146 for 2013. Increases in the operating earnings of Domestic Dry-Bulk, Product Tankers and Real Estate segments were partially offset by a reduction in the earnings of the Ocean Shipping segment. In addition to a net improvement in earnings of the business units, 2014 segment earnings reflect a net impairment reversal on property, plant and equipment of $7,362, inclusive of the tax effect.

Income tax expense for 2014 was $8,700 compared to $15,524 for the previous year. Fiscal 2013 tax expense included $4,618 relating to reassessed taxes on a valuation issue settled last year. The reversal of an impairment of $10,302 in a foreign subsidiary in 2014 did not result in any tax expense.

Net earnings and basic earnings per share were $52,765 and $1.36, respectively, compared to $41,923 and $1.08, respectively, for the same period last year. The increase in segment earnings was partially offset by reduced foreign exchange gains and reduced interest income net of a decrease in income tax expense. Net earnings for 2013 included a foreign exchange translation gain of $5,587 compared to a gain of $320 for the same period in 2014. The decrease in interest income is due primarily to interest received in 2013 on the recovery of vessel deposits and interest on refunded income tax installments.

The results from operations are as follows:

	Three Months Ended December 31, 2014		Twelve Months Ended December 31, 2014	
	2014	2013	**2014**	2013
Revenues				
Domestic Dry-Bulk	**$ 106,568**	$ 102,610	**$ 337,244**	$ 323,023
Product Tankers	**25,221**	29,188	**95,152**	100,635
Ocean Shipping	**9,858**	9,760	**41,050**	39,513
Real Estate	**8,015**	7,306	**30,237**	28,328
	$ 149,662	$ 148,864	**$ 503,683**	$ 491,499
Operating earnings net of income tax				
Domestic Dry-Bulk	**$ 16,462**	$ 14,563	**$ 17,399**	$ 14,909
Product Tankers	**15,218**	3,119	**24,456**	13,694
Ocean Shipping	**3,321**	3,421	**13,648**	15,335
Real Estate	**894**	470	**2,601**	2,208
	35,895	21,573	**58,104**	46,146
Not specifically identifiable to segments				
Net gain on translation of foreign-denominated monetary assets and liabilities	**(27)**	3,243	**885**	5,587
Interest expense, net	**(2,568)**	(4,667)	**(10,139)**	(11,824)
Interest income	**273**	6,142	**320**	6,495
Income tax recovery (expense)	**1,745**	(3,442)	**3,595**	(4,481)
	$ 35,318	$ 22,849	**$ 52,765**	$ 41,923

Basic earnings per common share	$ **0.91**	$ 0.59	$ **1.36**	$ 1.08

Cash Dividends

The Board of Directors has authorized payment of a quarterly cash dividend to shareholders of $0.07 per common share. The cash dividend is payable on March 2, 2015 to shareholders of record on February 17, 2015.

Conference Call

Algoma will hold a conference call on Monday, February 23, 2015 at 11:00 am EST to discuss the results for the three and twelve months ended December 31, 2014.

This call will be webcast live at http://www.newswire.ca/en/webcast/detail/1483225/1651309 following which it will be available in archived format on the Corporation's website at www.algonet.com in the Investor Relations section within 48 hours.

About Algoma Central Corporation

Algoma Central Corporation owns and operates the largest Canadian flag fleet of dry and liquid bulk carriers operating on the Great Lakes - St. Lawrence Waterway, including 18 self-unloading dry-bulk carriers, seven gearless dry bulk carriers and eight product tankers. Algoma also has interests in ocean dry-bulk vessels operating in international markets. Algoma provides ship management services for other ship owners and owns a diversified ship repair and steel fabricating facility active in the Great Lakes and St. Lawrence regions of Canada. In addition, Algoma owns and manages commercial real estate properties in Sault Ste. Marie, St. Catharines and Waterloo, Ontario.

Cautionary Statements

This press release may include forward-looking information within the meaning of applicable securities laws including information concerning the business and future results of Algoma. Forward-looking statements in this press release include statements about the purchase of vessels by Algoma. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by this information. The statements in this press release are made as of the date of this release and are based on current expectations. Algoma undertakes no obligation to update forward-looking information, other than as required by law, or to comment on analyses, expectations, or statements made by third-parties in respect of Algoma, its financial or operating results or its securities. Algoma cautions that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information, and that actual future results could be affected by a number of factors, many of which are beyond Algoma's control, including economic circumstances, technological changes, weather conditions and the material risks and uncertainties identified by Algoma and discussed on pages 14 to 19 of Algoma's Annual Information Form for the year ended December 31, 2013, which is available on SEDAR at www.sedar.com.

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