

Algoma Central Corporation Announces 2015 Fourth Quarter and Fiscal Year Results

(TSX : ALC)

ST. CATHARINES, ON, Feb. 19, 2016 /CNW/ - Algoma Central Corporation ("Algoma" – www.algonet.com) today announced results for its 2015 fourth quarter and fiscal year. During the fourth quarter, the Company announced its intention to divest of its real estate portfolio. The results for the periods reported on have been restated to reflect the real estate segment as a discontinued operation.

For the year, the Company's consolidated revenues were \$413.5 million compared to \$473.4 million in 2014. Fuel costs, which are largely passed on to customers through our freight rates, declined significantly during the year and approximately \$38 million of the decrease in revenue is a direct result of the pass-through effect of decreased fuel costs. The balance of the decrease in revenues results from a drop in rates earned due to stiff competition in our domestic dry-bulk business and to a drop in volumes carried in our product tanker and ocean dry-bulk business units.

Net earnings and earnings per share from continuing operations for the year were \$21,069 and \$0.54, respectively, compared to \$48,977 and \$1.26 for the prior year period. The decrease in earnings year-over-year was driven primarily by the drop in revenues and partially offset by a gain resulting from the cancellation of shipbuilding contracts earlier in 2015.

Business conditions softened noticeably in the second half of 2015 and revenues for the fourth quarter were \$119,170 compared to \$141,646 in the same period last year. Net earnings and earnings per share from continuing operations for the fourth quarter were \$8,973 and \$0.23, respectively, compared to \$34,222 and \$0.88 in 2014. Revenues and earnings from all business segments were negatively impacted by softer market conditions that resulted in lower demand and reduced customer volumes.

At year end we made the difficult decision to retire five domestic dry-bulk vessels and a product tanker that had reached the end of its economic life. Our decision to retire the dry-bulk vessels reflects our view that the current domestic market capacity exceeds customer demand and certain of our older vessels are no longer economic to operate in these market conditions. As a result of taking these vessels out of service we have accelerated depreciation on them and recorded an additional depreciation charge in the domestic dry-bulk segment in the fourth quarter of \$3.3 million.

During 2015, Algoma introduced its new strategic vision for the Company to pursue growth opportunities beyond the traditional domestic markets in which we operate. In November, we announced the first growth investment with the acquisition of two vessels then belonging to one of our partners in the International Pool and the purchase of a 50% interest in a third vessel. This transaction closed in January 2016 and these vessels will contribute to Algoma earnings for all of 2016. As a result of these purchases, our interest in the Pool has doubled.

Shortly after year-end, we announced a second initiative with the purchase of a 50% interest in an existing operator of pneumatic cement carriers. This transaction also closed in January and will contribute to earnings beginning in the first quarter.

On February 16, 2016, we announced that the London Arbitration Panel hearing our Mingde shipbuilding contract cancellation dispute issued an award in our favour on three of the four outstanding claims. We have begun collection proceedings on these refund claims, which are valued at US\$53,167 as at February 16th.

Revenues	Three Months Ended December 31		Twelve Months Ended December 31	
	2015	2014	2015	2014
Domestic Dry-Bulk	\$ 92,081	\$ 106,567	\$ 299,553	\$ 337,244
Product Tankers	16,426	25,221	75,335	95,152
Ocean Shipping	10,663	9,858	38,605	41,050
	\$ 119,170	\$ 141,646	\$ 413,493	\$ 473,446

Operating income net of tax

Domestic Dry-Bulk	\$ 6,531	\$ 16,221	\$ 5,803	\$ 16,172
Product Tankers	788	15,218	10,185	24,456
Ocean Shipping	2,273	3,321	10,806	13,648
	9,592	34,760	26,794	54,276
Not specifically identifiable to segments				
Net gain on foreign currency translation	558	(28)	3,789	885
Interest expense	(3,765)	(2,568)	(13,280)	(10,139)
Interest income	324	273	1,270	320
Income tax recovery	2,264	1,785	2,496	3,635
Net earnings from continuing operations	\$ 8,973	\$ 34,222	\$ 21,069	\$ 48,977
Basic earnings per share	\$ 0.23	\$ 0.88	\$ 0.54	\$ 1.26

Additional details on the results can be found in the Company's Consolidated Financial Statements and Management Discussion and Analysis for the period.

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 will be paid on March 1, 2016 to shareholders of record on February 16, 2016.

About Algoma Central Corporation

Algoma Central Corporation operates the largest Canadian flag fleet of dry and liquid bulk carriers on the Great Lakes - St. Lawrence Waterway, including 13 self-unloading dry-bulk carriers, seven gearless dry bulk carriers and six product tankers. The Company has announced contracts for seven new Equinox Class domestic dry-bulk vessels as part of its on-going fleet renewal program. Algoma also owns four ocean dry-bulk vessels operating in international markets and has a 50% in three other oceans dry-bulk vessels. 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 2016, Algoma announced a new strategic initiative to grow into attractive global niche markets, beginning with a fifty percent interest in a pneumatic cement carrier business.

SOURCE Algoma Central Corporation

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