Algoma Central Corporation Reports Operating Results for the Three and Nine Months Ended September 30, 2016

(TSX : ALC)

ST. CATHARINES, ON, Nov. 8, 2016 /CNW/ - Algoma Central Corporation ("Algoma" – www.algonet.com) today announced the results for the three and nine months ended September 30, 2016.

The Company is reporting 2016 third quarter revenues of $115,333 compared to $125,077 for the same period in 2015. The decrease in revenue occurred mainly in Domestic Dry-Bulk and was due to reduced customer demand in major commodities and the impact of lower fuel costs that are passed on directly to customers as part of the freight rate. Revenues in the Product Tanker segment decreased due primarily to reduced customer demand and lower fuel prices. Partially offsetting these decreases was an improvement in Ocean Shipping segment revenue due to more revenue days resulting from the addition of two vessels to the fleet in early January.

Revenues for the nine months ended September 30, 2016 of $252,012 were $42,310 lower than revenues for the same period in the prior year. Domestic Dry-Bulk revenues decreased by $49,800, Product Tanker revenues experienced a decrease of $15,514 and the Ocean Shipping segment increased $23,004.

Segment operating earnings after income taxes for the 2016 third quarter of $24,270 includes a gain on shipbuilding contracts in the amount of $6,126. Excluding this item from the segment results, the earnings for the third quarter of 2016 would have been $18,144. Although revenues fell $9,744, earnings for the 2016 third quarter of $18,144 were 17% ahead of last year due primarily to cost control. Improvements in earnings were realized in all business segments.

Segment operating earnings after income taxes for both the 2016 and 2015 nine-month periods of $27,827 and $16,589 respectively, include gains on shipbuilding contracts in the amount of $22,322 and $10,067, respectively. Excluding these items from the segment results, the earnings for the nine- months ended 2016 would have been $5,505 which compares to earnings for the 2015 nine-month period of $6,522. Improvements in earnings in the Ocean Shipping and Global Short Sea Shipping segments were more than offset with decreases in the Domestic Dry-Bulk and Product Tanker segments, particularly in the first half of 2016.

Net earnings and basic earnings per share from continuing operations for the 2016 third quarter were $23,568 and $0.61, respectively, compared to $13,493 and $0.35, respectively, for the same period last year. Net earnings and basic earnings per share from continuing operations for the 2016 nine-months were $27,590 and $0.71, respectively, compared to earnings of $12,096 and $0.31 for 2015.

Net earnings from discontinued operations for the 2016 third quarter were $14,934 compared to $1,350 for the same period last year. During the third quarter, the Company completed the sale of four properties resulting in a net gain of $13,070.

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
Revenues	2016	2015	2016	2015
Domestic Dry-Bulk	$ 81,900	$ 93,108	$ 157,671	$ 207,471
Product Tankers	18,839	20,751	43,395	58,909
Ocean Shipping	14,594	11,218	50,946	27,942
	$ 115,333	$ 125,077	$ 252,012	$ 294,322

	Three Months Ended		Nine Months Ended	
Net Earnings from	September 30		September 30	
Continuing Operations	2016	2015	2016	2015
Operating earnings net of income tax				
Domestic Dry-Bulk	$ 12,673	$ 12,373	$ (7,058)	$ (5,648)
Gain (loss) on shipbuilding contracts	6,126	(145)	22,322	10,067
	18,799	12,228	15,264	4,419
Product Tankers	5,003	3,881	5,131	9,790
Ocean Shipping	2,249	1,750	13,279	10,096
Global Short Sea Shipping	734	—	2,126	—
Corporate Office	(2,515)	(2,439)	(7,973)	(7,716)
Segment operating earnings net of income tax	24,270	15,420	27,827	16,589
Not specifically identifiable to segments				
Net gain on foreign currency translation	1,081	1,192	3,524	3,231
Interest expense	(2,127)	(4,289)	(8,086)	(9,515)
Interest income	(52)	202	869	946
Income tax recovery (expense)	396	968	3,456	845
	$ 23,568	$ 13,493	$ 27,590	$ 12,096

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 self-unloading dry-bulk carriers, gearless dry bulk carriers and 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 ocean dry-bulk vessels operating in international markets. Algoma provides ship management services for other ship owners. 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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