

Algoma Central Corporation Reports Financial Results for Fiscal 2024

Renewed market demand, stable growth, and additional capacity led to strong year-end results and an optimistic yet cautious outlook for 2025.

ST. CATHARINES, Ontario--(BUSINESS WIRE)--February 27, 2025--Algoma Central Corporation (TSX: ALC) ("Algoma", the "Company") today reported its results for the year ended December 31, 2024. Algoma reported revenues of \$703,444, compared to revenues of \$721,220 in 2023. Net earnings for 2024 were \$91,638 compared to earnings of \$82,870 in 2023. The Company reported 2024 EBITDA of \$200,494 compared to \$186,112 for 2023. All amounts reported below are in thousands of Canadian dollars, except for per share data and where the context dictates otherwise.

"As we close out 2024, our 125th anniversary year, I am pleased to report strong performance," said Gregg Ruhl, President and CEO of Algoma Central Corporation. "Despite early-year softness in domestic dry-bulk demand, securing new spot business in iron ore and strong seasonal demand for grain shipments in the latter half helped offset lower salt and construction material shipments. Our Product Tanker segment had expanded capacity with an additional vessel in operation, while internationally, demand remained steady in our Ocean Self-Unloader segment. Looking ahead to 2025, we remain optimistic yet cautious. While we are mindful of potential market disruptions and economic uncertainties, we anticipate stability and growth in most sectors. With nine new vessels entering service in 2025, three in Canada, and a continued focus on delivering value for our customers, we are well-positioned to navigate the opportunities and challenges ahead," continued Mr. Ruhl.

Financial Highlights: Fiscal 2024 Compared to 2023

- Ocean Self-Unloaders segment experienced strong earnings this year, driven by full fleet utilization as a result of significantly fewer days on dry-dock in 2024 compared to 2023. Operating earnings increased 54% to \$39,491 from \$25,723 in 2023, reflecting a 6% increase in operating days driven by the higher on-hire days. Segment revenue was \$177,185 compared to \$178,031 last year.
- Revenue for Product Tankers increased 12% to \$148,347 compared to \$132,166 in 2023, mainly driven by a larger fleet size this year. Operating earnings increased 14% to \$9,406 compared to earnings of \$8,229 in 2023, reflecting fewer dry-dockings and the additional vessel operating within the domestic fleet compared to the prior year.
- Global Short Sea Shipping segment equity earnings increased 54% to \$32,822 compared to \$21,271 for the prior year. Higher earnings include a net impairment reversal of \$13,015. Not including the impairment reversal, earnings were marginally lower as a result of lower rates in the handy-size and mini-bulkers fleets, partially offset by increased earnings in the cement fleet as a result of improved operating performance and the addition of an incremental asset to the fleet.

- Domestic Dry-Bulk segment revenue decreased 8% to \$375,159 compared to \$408,170 in 2023, as 12% lower volumes in salt and construction materials lead to a 12% decrease in revenue days, partially offset by improved freight rates. Operating earnings decreased 28% to \$42,678 compared to \$59,379 in 2023 primarily as a result of the decreased demand.

Consolidated Statement of Earnings

<i>For the years ended December 31</i>	2024	2023
Revenue	\$ 703,444	\$ 721,220
Operating expenses	(518,090)	(539,089)
Selling, general and administrative expenses	(38,852)	(41,550)
Depreciation and amortization	(71,357)	(66,049)
Operating earnings	75,145	74,532
Interest expense	(20,072)	(19,104)
Interest income	2,565	2,855
Gain on sale of assets	1,404	9,286
Foreign exchange gain (loss)	(2,278)	3,044
	56,764	70,613
Income tax expense	(2,886)	(11,360)
Net earnings from investments in joint ventures	37,760	23,617
<i>Net earnings</i>	\$ 91,638	\$ 82,870
Basic earnings per share	\$ 2.29	\$ 2.15
Diluted earnings per share	\$ 2.29	\$ 2.00

EBITDA

The Company uses EBITDA as a measure of the cash generating capacity of its businesses. The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure for the years ended December 31, 2024 and 2023 and presented herein:

<i>For the years ended December 31</i>	2024	2023
Net earnings	\$ 91,638	\$ 82,870
Depreciation and amortization	94,235	83,832
Impairment reversal	(14,891)	—
Net interest and tax expenses	28,522	32,342
Foreign exchange (gain) loss	2,725	(3,087)
Net gain on sale of assets	(1,735)	(9,845)
<i>EBITDA⁽¹⁾</i>	\$ 200,494	\$ 186,112

Select Financial Performance by Business Segment

<i>For the years ended December 31</i>	2024	2023
Domestic Dry-Bulk		
Revenue	\$ 375,159	\$ 408,170
Operating earnings	42,678	59,379
Product Tankers		
Revenue	148,347	132,166
Operating earnings	9,406	8,229
Ocean Self-Unloaders		
Revenue	177,185	178,031
Operating earnings	39,491	25,723
Corporate and Other		
Revenue	2,753	2,853
Operating loss	(16,430)	(18,799)

The MD&A for the years ended December 31, 2024 and 2023 includes further details. Full results for the years ended December 31, 2024 and 2023 can be found on the Company's website at www.algonet.com/investor-relations and on SEDAR at www.sedarplus.ca.

2025 Business Outlook⁽²⁾

In the Domestic Dry-Bulk segment, fleet utilization is expected to be much higher with the addition of significant new domestic steel industry business and more typical winter conditions driving an anticipated recovery in salt volumes. Shipments in the agriculture sector are expected to be strong, while the construction market is likely to remain flat. The new *Algoma Endeavour*, the twelfth and final Equinox Class vessel, is expected to begin service in early April.

We expect customer demand in the Product Tanker segment to remain steady in 2025 and for fuel distribution patterns within Canada to support strong vessel utilization for the vessels trading under Canadian flag. The fleet is expected to be in full deployment with all eight Canadian vessels in operation. With the delivery of the first four FureBear newbuilds in 2024, six new tankers remain on order for the joint venture, with delivery expected between early 2025 and 2026. Two additional product tankers will also enter service in early 2025 for our domestic fleet, with the first expected in April followed by the second in May.

In the Ocean Self-Unloaders segment, five vessels in the Algoma fleet are scheduled for dry-docking throughout 2025, which is expected to have a significant impact on available days. Demand for aggregate, gypsum, and salt is expected to increase, while coal shipments are projected to decline. Steel cutting for the hull of the second of three newbuild ocean self-unloaders took place in January, 2025. The first vessel in this series is expected to be delivered in the third quarter of 2025.

In our Global Short Sea Shipping segment, we anticipate steady earnings from the cement fleet, with most assets committed to long-term time charter contracts. The handy-size segment is expected to remain stable with market rates normalizing. Performance from the mini-bulker fleet is projected to remain consistent with its results from 2024. The two newbuild 8,000 deadweight

tonne mini-bulkers are expected to be delivered in late 2025 and early 2026. These vessels will bring the newbuilds added to the fleet to six since 2020.

Global, as well as North American, trade conditions, including trade barriers such as tariffs on certain commodities and vessel-related fees, may disrupt the free movement of goods across Canada and the U.S. or the costs associated therewith. While we remain committed to operational efficiency and adaptability, uncertainties surrounding trade policies could impact the volume of marine shipments. Should these challenges materialize, they may have an effect on the revenue generated from the commodities we transport. We will continue to monitor these developments closely and take proactive measures to mitigate impacts where possible.

Normal Course Issuer Bid

Effective March 21, 2024, the Company renewed its normal course issuer bid (the "2024 NCIB") to purchase up to 1,975,857 of its common shares ("Shares"), representing approximately 5% of the 39,517,144 Shares issued and outstanding as of the close of business on March 7, 2024. Under the 2024 NCIB, no Shares were purchased and cancelled for the period ended December 31, 2024.

Cash Dividends

As previously announced, the Company's Board of Directors authorized payment of a quarterly dividend to shareholders of \$0.20 per common share. The dividend will be paid on March 3, 2025 to shareholders of record on February 14, 2025.

Notes

(1) Use of Non-GAAP Measures

The Company uses several financial measures to assess its performance including earnings before interest, income taxes, depreciation, and amortization (EBITDA), free cash flow, return on equity, and adjusted performance measures. Some of these measures are not calculated in accordance with Generally Accepted Accounting Principles (GAAP), which are based on International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability among companies using these measures. From Management's perspective, these non-GAAP measures are useful measures of performance as they provide readers with a better understanding of how management assesses performance. Further information on Non-GAAP measures please refer to page 2 in the Company's Management's Discussion and Analysis for the years ended December 31, 2024 and 2023.

(2) Forward Looking Statements

Algoma Central Corporation's public communications often include written or oral forward-looking statements. Statements of this type are included in this document and may be included in other filings with Canadian securities regulators or in other communications. All such statements are made pursuant to the safe harbour provisions of any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 2025 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price and the results of or outlook for our operations or for the Canadian, U.S. and global economies. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

Algoma Central Corporation is a global provider of marine transportation that owns and operates dry and liquid bulk carriers, serving markets throughout the Great Lakes - St. Lawrence Seaway and internationally. Algoma is aiming to reach a carbon emissions reduction target of 40% by 2030 and net zero by 2050 across all business units with fuel efficient vessels, innovative technology, and alternate fuels. Algoma truly is *Your Marine Carrier of Choice*[™]. Learn more at algonet.com.

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