Chemtrade Logistics Income Fund (CGIFF)

Updated November 28th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$10.05	**5 Year Annual Expected Total Return:**	0.6%	**Market Cap:**	$1.16 B
Fair Value Price:	$7.50	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	11/28/2025
% Fair Value:	134%	**5 Year Valuation Multiple Estimate:**	-5.7%	**Dividend Payment Date:**	12/31/2025
Dividend Yield:	4.9%	**5 Year Price Target**	$7.50	**Years Of Dividend Growth:**	1[1]
Dividend Risk Score:	F	**Sector:**	Materials	**Rating:**	Hold

Overview & Current Events

Chemtrade Logistics Income Fund is a North American supplier of essential industrial chemicals, operating through two main segments: Sulphur and Water Chemicals (SWC) and Electrochemicals (EC). Last year, the SWC segment (including includes sulphuric acid, regen acid, water treatment coagulants, and specialty chemicals), accounted for about 58% of total revenue, while the EC segment (producing sodium chlorate and chlor-alkali products like caustic soda and chlorine) contributed the remaining 42%. Chemtrade serves a wide range of industries such as pulp and paper, oil and gas, water treatment, and mining, with a customer base spread across Canada, the U.S., and international markets. The Fund has a market cap of $1.16 billion and is based in Toronto, Canada. It pays distributions on a monthly basis. While the Fund reports in CAD, we have converted all figured in USD unless otherwise noted.

On November 11th, 2025, Chemtrade Logistics reported Q3 results for the three-month period ending September 30th, 2025. Total revenue was $378.3 million, up 12.4% from the prior year, mainly driven by higher selling prices across several key products, which more than offset lower chlorine pricing. Adjusted for FX, core revenue grew by roughly $39.1 million year-over-year.

Adjusted EBITDA was $107.4 million, an increase of 10.2% from the prior year, marking the strongest quarterly result in the company's history. Distributable cash after maintenance CAPEX was $55.2 million, or $0.49 per unit, up from $0.40 the year before. For FY2025, we forecast DCFU of $1.50.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
DCFU	---	---	$1.09	$0.33	$0.69	$0.50	$0.65	$1.46	$1.85	$1.25	***$1.50***	***$1.50***
DPS	$0.86	$0.89	$0.95	$0.88	$0.92	$0.55	$0.47	$0.44	$0.45	$0.46	***$0.49***	***$0.63***
Units[2]	68.9	69.1	105.3	92.6	92.6	92.7	101.7	147.4	157.9	153.7	***115.7***	***145.0***

From 2017 through 2019, Chemtrade generated relatively stable DCF/unit due to a steady demand environment across its industrial chemicals business. Though 2018 marked a sharp drop to just $0.33 per unit, this drop was tied to a tough year (including lower sodium chlorate prices and margin pressure in water treatment products) rather than structural deterioration. By 2019, DCF per unit rebounded to $0.69 USD, as cash flows improved across segments.

However, 2020 marked a turning point. The Fund's DCF per unit fell to $0.50 USD, driven not just by currency effects but by the severe demand disruption caused by COVID-19. As a critical service, Chemtrade continued operating, but many of its end markets (including refining, pulp and paper, and industrial manufacturing) were significantly impacted. This led to a steep drop in volumes, especially for Regen acid and sodium chlorate. These issues were compounded by supply chain uncertainty.

Recognizing the prolonged impact of the pandemic, management made the difficult but proactive decision to slash its monthly distribution in Q2 2020 from $0.10 CAD to $0.05 CAD, after maintaining a steady payout for nearly a decade.

---

[1] In local currency (CAD).

[2] Unit count is in millions.

Management cited the need to preserve liquidity, protect the balance sheet, and maintain financial flexibility amid economic uncertainty. This shift marked a prudent pivot from prioritizing yield to ensuring long-term sustainability.

Indeed, the distribution cut allowed Chemtrade to reduce debt considerably, repurchase units, and reinvest selectively, positioning it for long-term value creation and more sustainable distributions going forward. Accordingly, management raised the distribution by 10% in CAD terms last year. We forecast an annual distributing growth of 5% moving forward. However, we don't forecast continued DCFU growth due to starting off of a high based and being prudent of potential industry and FX headwinds.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/ DCFU	---	---	12.5	38.8	13.0	11.4	7.8	4.1	3.4	5.3	***6.7***	***5.0***
Avg. Yld.	5.0%	6.1%	7.0%	6.9%	10.2%	9.7%	9.2%	7.3%	7.2%	6.9%	***4.9%***	***8.3%***

Chemtrade's P/DCFU has been compressed in recent years. Distributable cash has grown significantly while the market has yet to re-rate the units. With strong cash flow, rising distributions, and leverage down to 1.8x, the stock now trades at a compelling valuation. We have set our fair multiple at a prudent 5.0x, which implies that shares are overvalued. The distribution yield is rather noteworthy, and could rise further in the near future.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	87%	267%	133%	110%	72%	30%	24%	37%	***33%***	***42%***

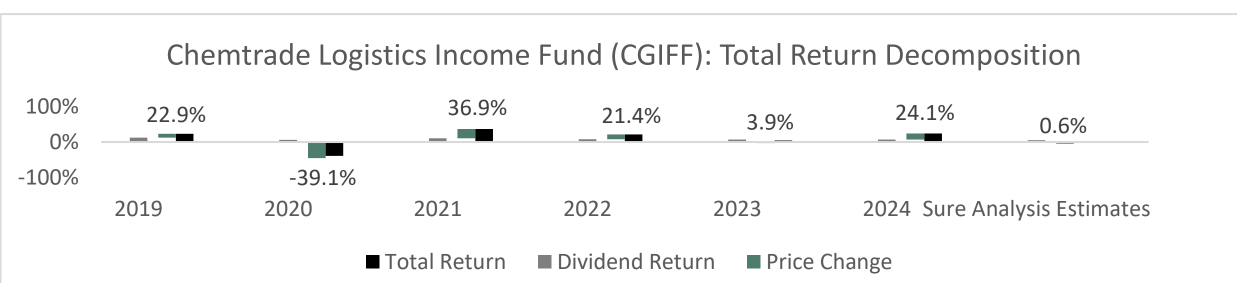
Chemtrade operates in the essential industrial chemicals space, supplying products that are deeply embedded in critical sectors like water treatment, pulp and paper, energy, and agriculture. This gives the business a high degree of defensive stability and relevance across economic cycles. Its operations are split across two segments with long-standing customer relationships and high switching costs, contributing to a durable competitive advantage.

From a safety and quality standpoint, Chemtrade has significantly improved its balance sheet, reducing net debt to just 1.8x EBITDA (from 4.0 to 6.0 in previous years). While not immune to economic slowdowns, since volumes can weaken during recessions, many of Chemtrade's products are non-discretionary and mission-critical, giving the business a degree of recession resiliency that sets it apart from more cyclical industrial peers. We believe the current level of DPU is safe.

Final Thoughts & Recommendation

Chemtrade combines a high yield, stable monthly distributions post-cut, and a healthy balance sheet with exposure to critical, recession-resistant markets, offering a compelling investment case for income-oriented investors. However, we forecast annualized returns of just 0.6% moving forward, as the current valuation could prove a tough headwind. We rate Chemtrade units as a hold, primarily on the potential for the company to establish a track record of dividend growth.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Chemtrade Logistics Income Fund (CGIFF)

Updated November 28th, 2025 by Nikolaos Sismanis

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	883	806	1,134	1,231	1,155	1,030	1,092	1,394	1,368	1,304
Gross Profit	43	62	147	67	73	25	(3)	259	312	314
Gross Margin	4.9%	7.7%	13.0%	5.4%	6.3%	2.4%	-0.3%	18.6%	22.8%	24.1%
SG&A Exp.	56	58	83	65	72	75	92	91	101	107
D&A Exp.	116	112	158	166	198	190	191	167	161	138
Operating Profit	(13)	3	63	0	(1)	(51)	(93)	165	210	205
Operating Margin	-1.5%	0.4%	5.6%	0.0%	-0.1%	-4.9%	-8.5%	11.9%	15.3%	15.7%
Net Profit	(37)	4	114	(101)	(75)	(125)	(188)	84	185	93
Net Margin	-4.2%	0.4%	10.0%	-8.2%	-6.5%	-12.1%	-17.2%	6.0%	13.5%	7.1%
Free Cash Flow	77	73	59	117	33	144	106	195	174	118
Income Tax	(17)	(57)	(72)	(38)	(18)	(35)	12	46	31	32

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,739	1,604	2,372	2,112	2,127	1,961	1,607	1,589	1,590	1,592
Cash & Equivalents	6	11	8	10	10	10	11	53	16	18
Accounts Receivable	127	95	171	147	119	68	76	91	111	103
Inventories	46	49	97	105	94	87	88	109	94	94
Goodwill & Int. Ass.	859	793	1,009	857	667	587	474	432	406	378
Total Liabilities	1,104	1,033	1,459	1,366	1,546	1,486	1,309	1,172	1,057	1,021
Accounts Payable	104	92	128	129	103	95	107	233	120	113
Long-Term Debt	621	629	1,023	931	1,036	959	819	666	516	483
Shareholder's Equity	635	570	913	746	581	475	298	417	533	570
LTD/E Ratio	0.98	1.10	1.12	1.25	1.78	2.02	2.75	1.60	0.97	0.85

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-2.0%	0.2%	5.7%	-4.5%	-3.5%	-6.1%	-10.5%	5.2%	11.6%	5.8%
Return on Equity	-5.5%	0.6%	15.3%	-12.2%	-11.3%	-23.7%	-48.5%	23.5%	38.9%	16.8%
ROIC	-2.8%	0.3%	7.3%	-5.6%	-4.6%	-8.2%	-14.7%	7.6%	17.3%	8.8%
Shares Out.	68.9	69.1	105.3	92.6	92.6	92.7	101.7	147.4	157.9	153.7
Revenue/Share	12.83	11.66	10.76	13.30	12.47	11.11	10.73	9.46	8.66	8.48
FCF/Share	1.11	1.05	0.56	1.27	0.35	1.55	1.04	1.32	1.10	0.77

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.