



Building the Future Together

The impact of COVID-19 on bulk operations; changes on the supply chain

October 29, 2020

ABTO

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OUR MISSION

We pride ourselves on building and sharing our expertise in order to contribute to the success of our customers and our communities. Our people are dedicated to finding solutions that support reliable supply chains and protect our environment and our water resources.



We Share a Clear Vision and Strong Values

To be the provider of choice for safe, sustainable and creative solutions in the marine and environmental sectors. By 2023, LOGISTEC will be recognized for its remarkable contributions to its customers, its partners and its communities.



RELIABILITY

Our people are recognized for their operational excellence. Over the years, solid processes and continuous learning have allowed us to establish reliable supply chains for our customers and effective remediation solutions for the environment. Whatever the circumstances, our people have an uncanny ability to find solid solutions. We are definitely resilient!

GOING BEYOND

Our people are ready to go beyond and challenge the status quo. They strive to continuously push boundaries. They seek new ways to improve their operations and cost leadership. They go after new partnerships and business opportunities. We are naturally relentless!

IMAGINATION

Our people are imaginative thinkers—people who generate new and unique solutions—and have the courage to take action to put these solutions in place. They create environments in which others can take smart risks and experiment. They foster the creative ideas of others, using good instincts and agility to bring the right solutions to our customers.

SUSTAINABILITY

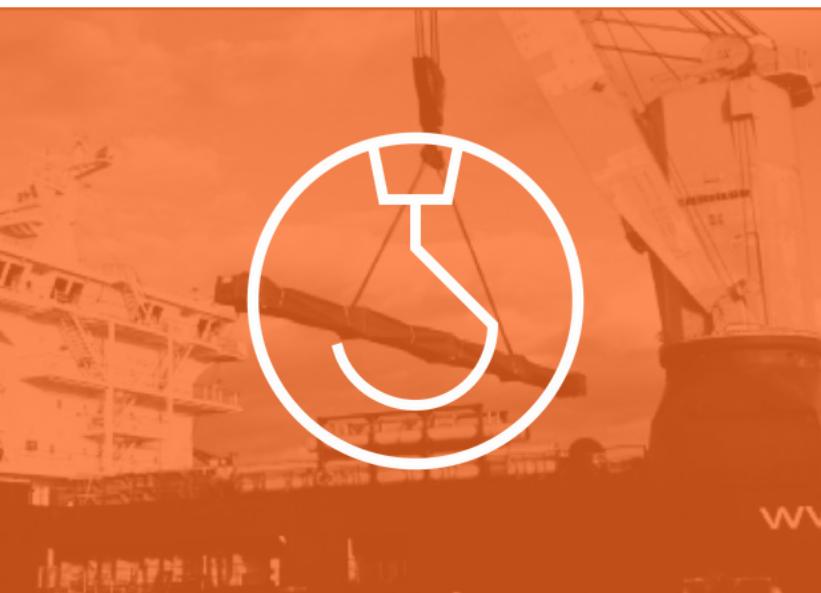
Our people are fully accountable for our performance and are truly committed to long-term sustainable growth. By empowering our people, acting with integrity, setting clear goals and measuring our progress, we deliver innovative products and services to our customers and create value for our shareholders.

Our sustainability strategy is based on a sound and balanced approach to environmental, social and economic performance designed to enhance our competitive position.

We firmly believe that it is possible to be successful as well as responsible!

Company Overview

LOGISTEC STEVEDORING SERVICES



We are one of Eastern Canada's largest cargo-handling company with a growing presence in Canada and United States with 3,000 talented people.

MARINE SERVICES



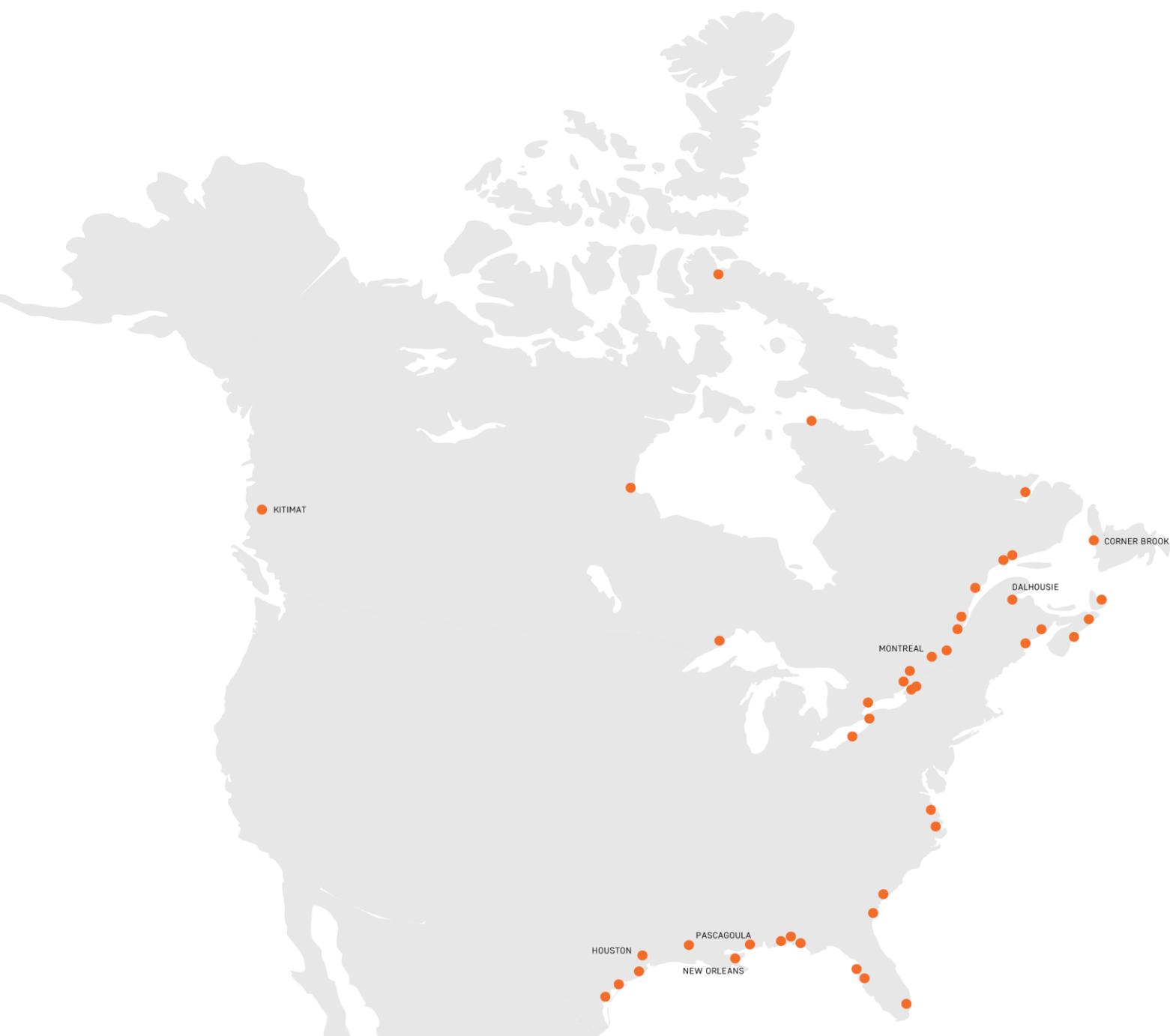
We are servicing the Canadian Arctic coast with a fleet of specialized vessels.

LOGISTEC ENVIRONMENTAL SERVICES



Providing environmental services to the community across North America

LOGISTEC



OUR NETWORK MAP

SIX NEW TERMINALS
IN 2020



65 terminals
38 ports



4 000 vessels
loaded/unloaded annually

We handle a diversified cargo base.

Bulk

Iron ore and aggregates
Coal and pet-coke
Grain and fertilizers
Scrap metal
Biomass
Gypsum
Sugar
Salt

Break-Bulk

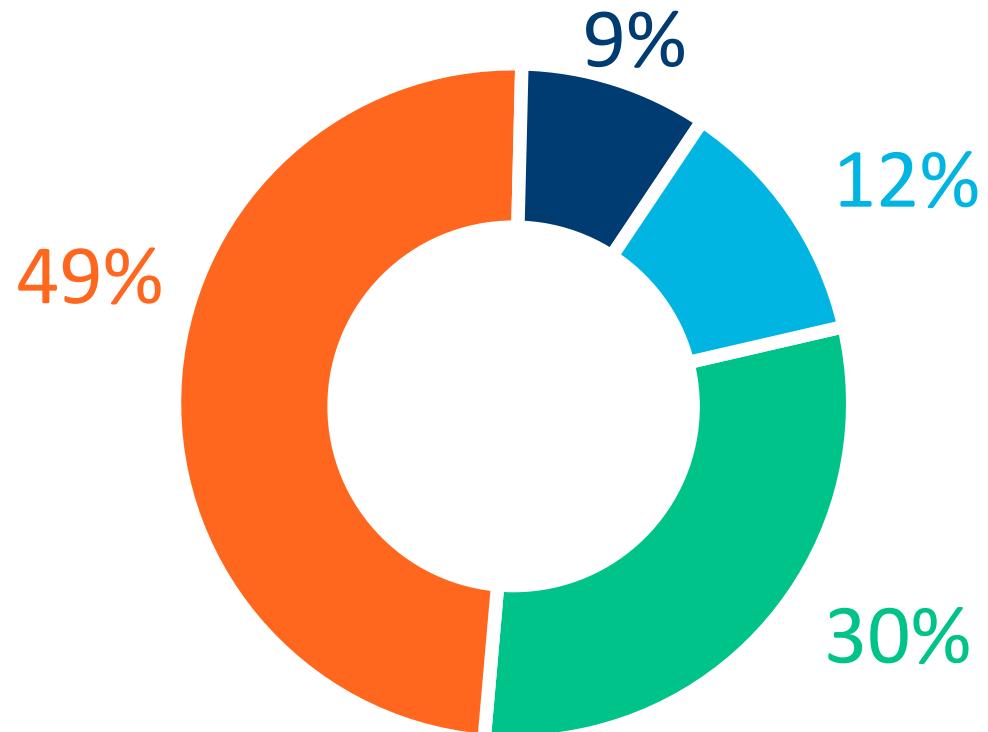
Paper and woodpulp
Lumber and plywood
Steel and aluminum
Fruit and other refrigerated cargoes
Windmills and project cargo

Port Logistics

Intermodal value-added Container stuffing and destuffing
Drayage and transportation

Containers

International Intermodal containers



LOGISTEC MARINE SERVICES : Bulk Products 2020

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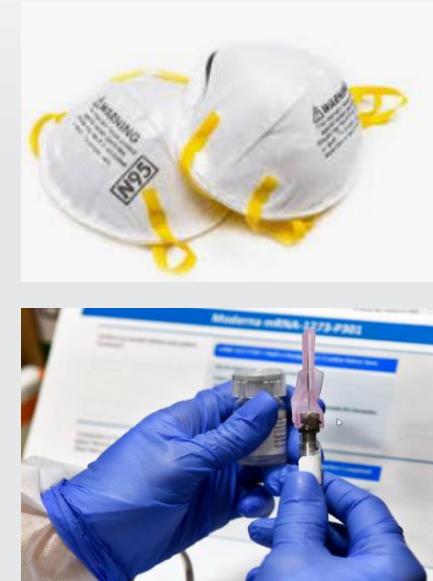


Protecting our employees is our priority

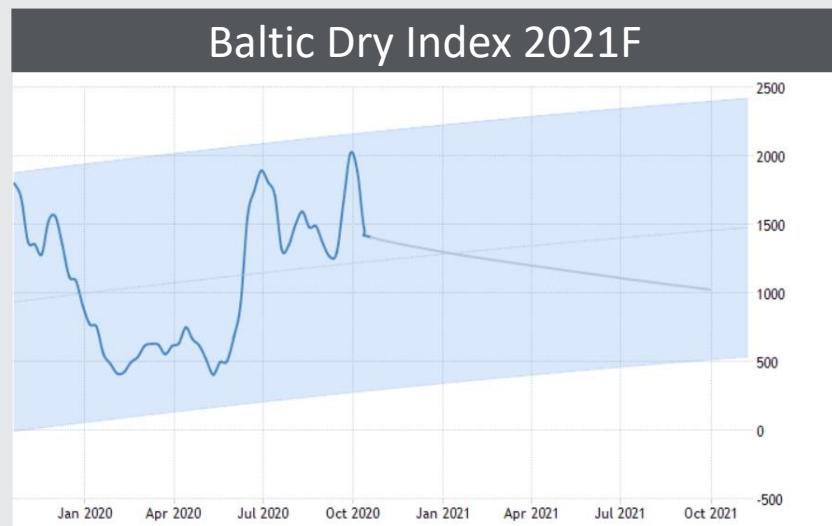
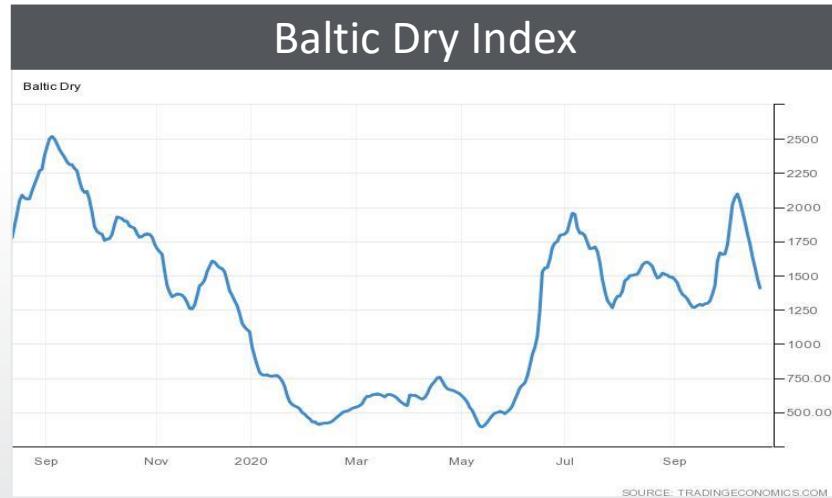
We have been very diligent providing PPE as well as implementing new measures for employees and visitors at terminals and in our offices.

To name few measures taken in 2020

- Working with electronic documentation to limit personal interactions
- Physical distancing with the vessel crew while boarding vessels and conducting loading or unloading operations
- Reduction of close contact with trucking employees by increasing electronic appointment and implementing reservation systems
- Installation of physical barriers between our staff workstations
- Cleaning and disinfecting machinery and equipment after every use and change of personnel
- Changing and adapting working hours and schedules to operate in this new reality as it will last a good portion of 2021



A New Context in 2020



- Freight volumes contract by 11% in the U.S.
- The COVID-19 economic slowdown will cause GDP to fall by around 4% in the U.S.(first decline since 2009) and by 6.6% in Canada (*source: Conference Board of Canada*).
- Industrial production in the U.S. and Canada has declined by 7.3% and 12.7%, respectively, year-over-year in September.
 - The outlook is for industrial production to transition to recovery in the first half of 2021 (subject to whether there are widespread business shutdowns due to the second wave).
 - U.S. and Canadian steel production are at their lowest levels in over 10 years and down nearly 15% from this time last year.

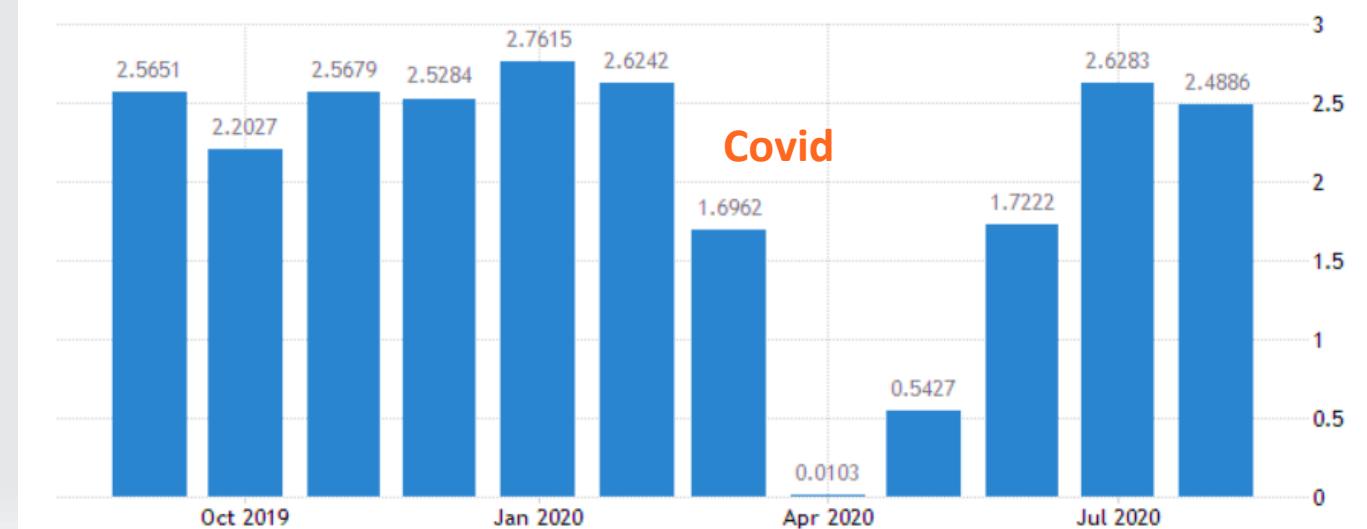


COVID-19 changed consumer's patterns

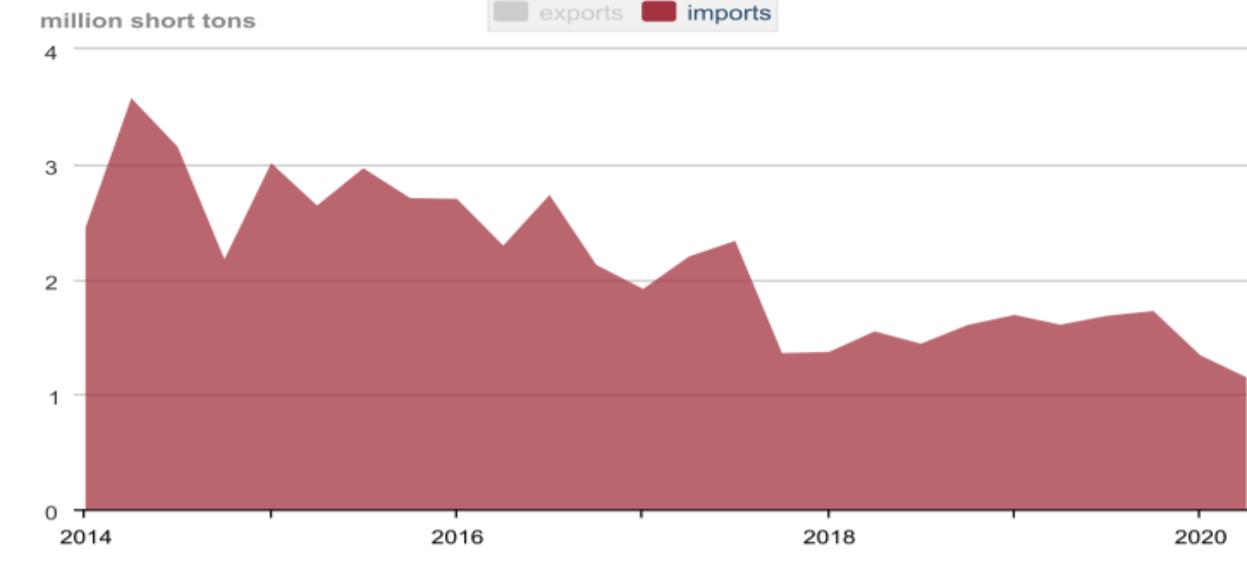
North American **automotive industry** slowed down in March to an almost complete halt in April 2020.

- Pressuring the iron ore volume to decrease as steel mills shut down in the U.S.

Car Production in United States in 2020



Quarterly U.S. coal exports and imports, 2014-2020



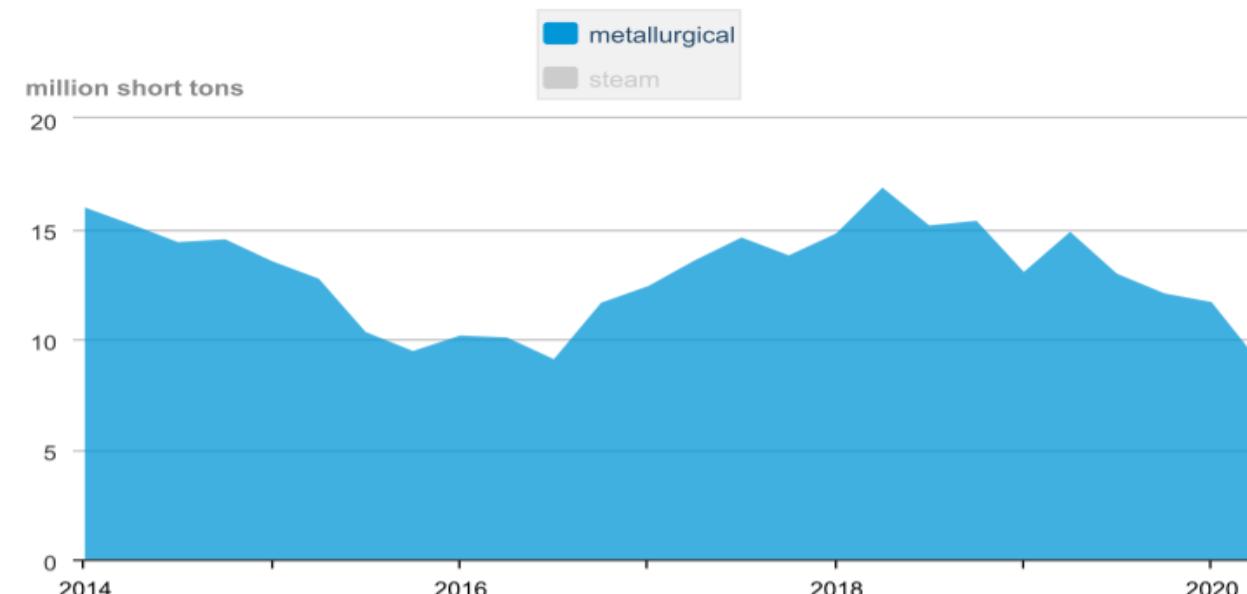
Source: U.S. Energy Information Administration: *Quarterly Coal Report*

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COVID-19 affected our Energy Sector

We notice a sudden decline in coal handling imports. The energy sector was hit hard with the manufacturing plants closing due to COVID outbreak and demand decrease in North America.

Quarterly U.S. steam and metallurgical coal exports, 2014-2020



Source: U.S. Energy Information Administration: *Quarterly Coal Report*

The exports sectors showed a significant decline from record high 2018 of 16 million short tons per quarter to 9 million in the second quarter of 2020.

Canadian grain elevators are dealing with record volumes in 2020

- All economic drivers related to transportation are down except for the agricultural sector : manufacturing (-8.5%), mining (-12.4%), imports (-19%), and exports (-20%).
- All transport modes are touched by the slowdown
 - Trucks (-9%), rail (-20%), water (-19%)
 - 2021 forecast is for transportation volumes to rebound by 5.3% and the long term is a 2.8% CAGR between 2020 and 2031 (*source: IHS Markit, Freight Transportation Forecast*).



Sugar demand increased sharply this year bringing record tonnages to the Canadian refineries.



Road de-icing salt imports volume slowed down this year. The tonnage handled was mostly domestic salt by self-unloader vessels.



CONCLUSION

- COVID-19 has brought challenges to our industry. We adapted our operations to this new reality and will continue to put effort forward to protect our employees as they are our greatest assets.
- We have seen many changes in our operational practices, automatization and artificial intelligence are key to reduce company exposure to risk.
- Ports remain essential services, and we wish to take this opportunity to thank everyone involved, as well as their families, to keep the world going!

Logistec
Thanks You !

