



CONIFEX



**Building a Premier Next-Generation  
Forest Company**

**Q3 2018**



## Cautionary Statement Regarding Forward Looking Information

Certain statements in this presentation may constitute "forward-looking information" or "forward-looking statements" which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements implied by such forward-looking information. When used in this presentation, such information uses such words as "estimates", "expects", "plans", "anticipates", and other similar terminology. This information reflects the Company's current expectations regarding future developments, including the upgrading and operation of its converting facilities.

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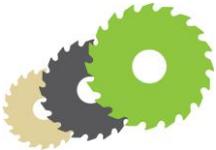
Further information is available at [www.conifex.com](http://www.conifex.com) and [www.sedar.com](http://www.sedar.com)



## Third Quarter 2018 Conference Call



**Financials** – recap of Q3 2018



**Growth** – committed to achieving our 2019 targets



**Transformative** – a stronger and more profitable business



**Q & A**



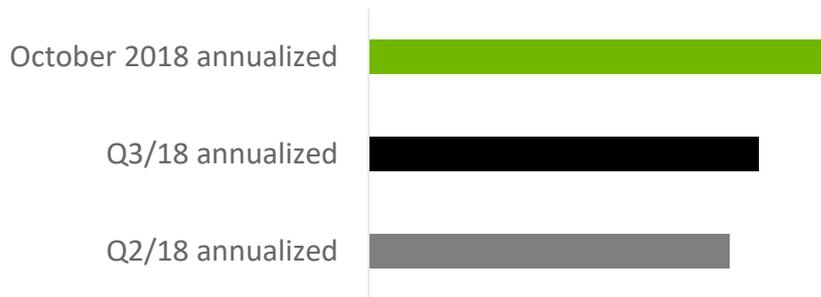
**Q3 2018 – Consolidated**

	Q3 2018	2018 YTD
Sales (millions)	\$182.1	\$513.3
EBITDA (millions)	\$18.8	\$48.9
Net Income (millions)	\$4.3	\$16.0
EPS	\$0.09	\$0.49

**YTD (2018 vs. 2017)**

Sales (millions)	+52%
EBITDA (millions)	+72%
Net Income (millions)	+78%
EPS	+36%

**US Lumber Production**

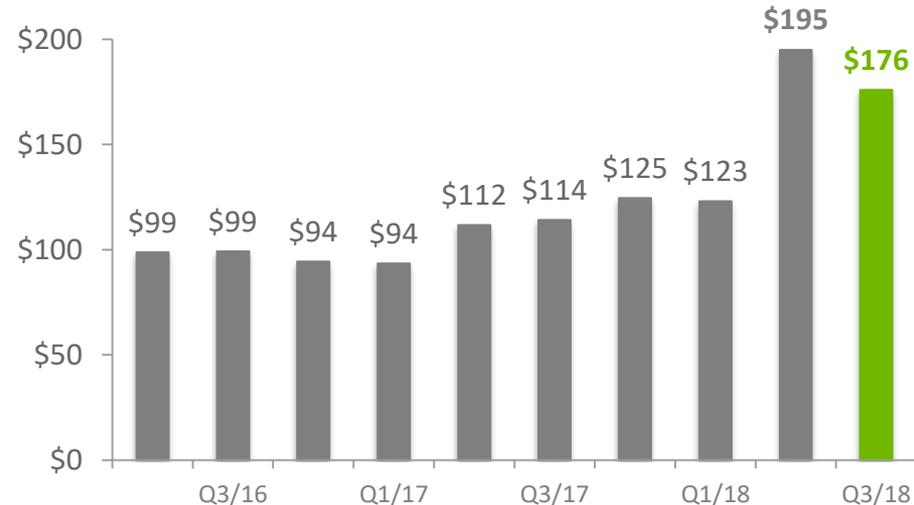


**Q3/18 EBITDA by Segment**



■ Lumber ■ Bioenergy

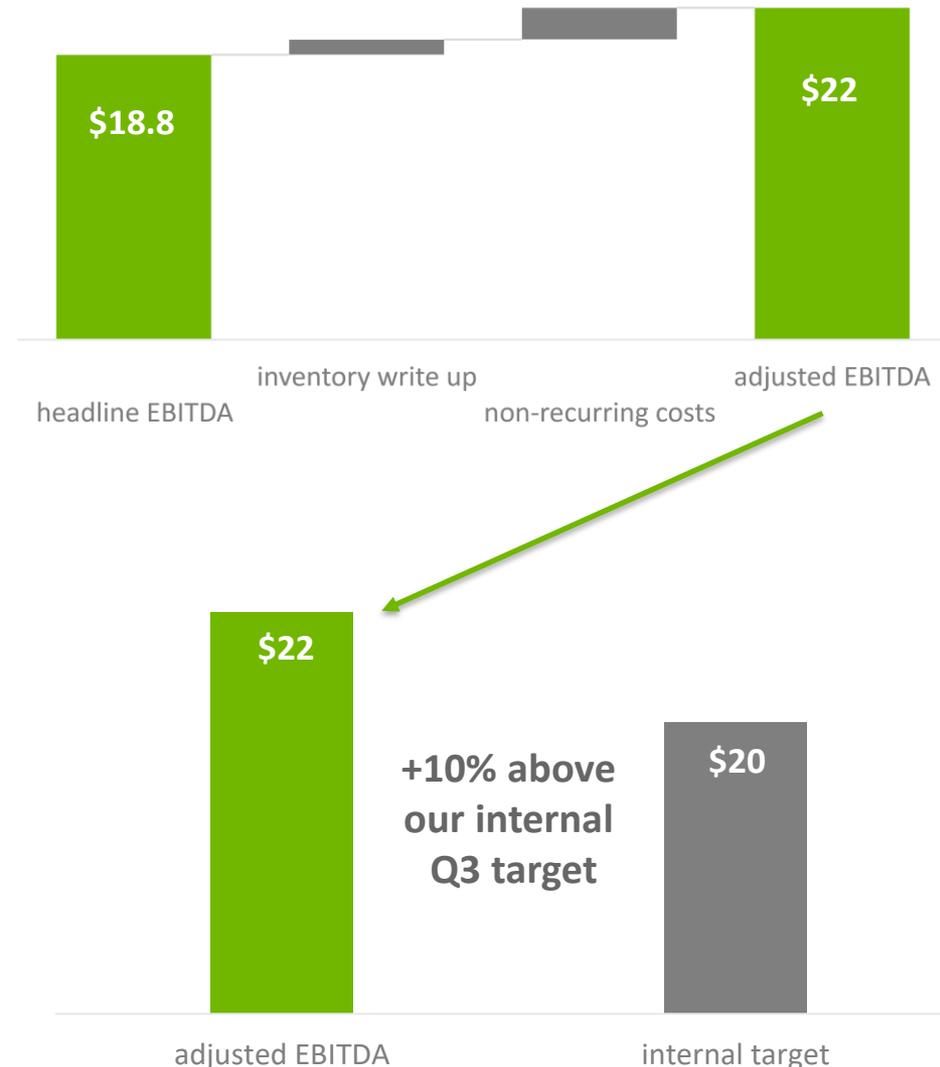
**Lumber Revenue (\$M)**





## Earnings Comparability for Q3/18

- We accrue export duties on BC lumber shipments to the US at the full duty rate of 20.23%
- Power generation EBITDA is reported in a separate business segment (Bioenergy), rather than included in our lumber business
- Acquisition method accounting rules required a write-up of lumber inventories at Cross City and Glenwood, impacting EBITDA by more than \$1 million
- We recorded \$2.1 million of non-recurring costs related to the BW Group acquisition
- Q3 2018 operating costs were burdened by the addition of second shift personnel at both El Dorado and Glenwood, without the attendant benefit of higher productivity
- Lower sequential WSPF production from BC mills as forest fire evacuations triggered curtailments





## Q3 2018 – Bioenergy

Q3 2018 EBITDA \$3.5 million

TTM EBITDA \$14.0 million

YTD Revenue +6% yr/yr

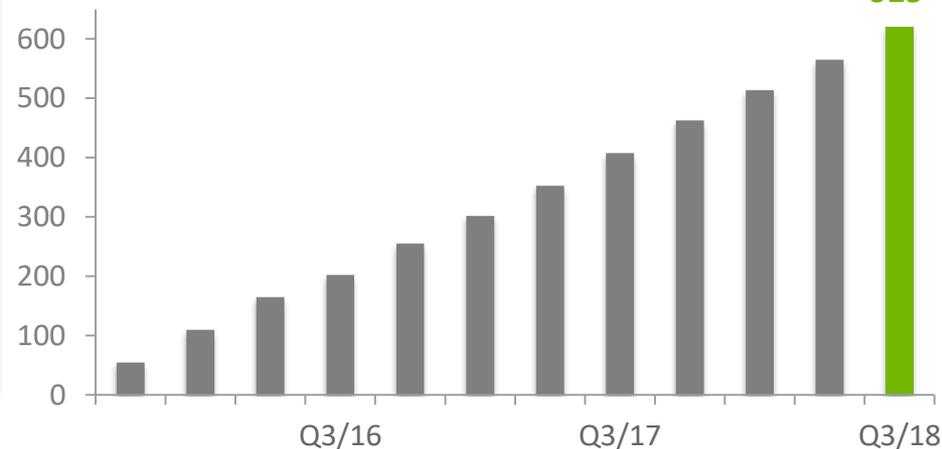
YTD EBITDA +19% yr/yr

- The Mackenzie Power Plant sold 54.7 gigawatt hours of electricity under our EPA, representing 100% of targeted operating rates
- Q3 revenues increased by 20% vs. Q2/18 due to improved operating rates and higher seasonal electricity rates

### Bioenergy EBITDA (\$M)



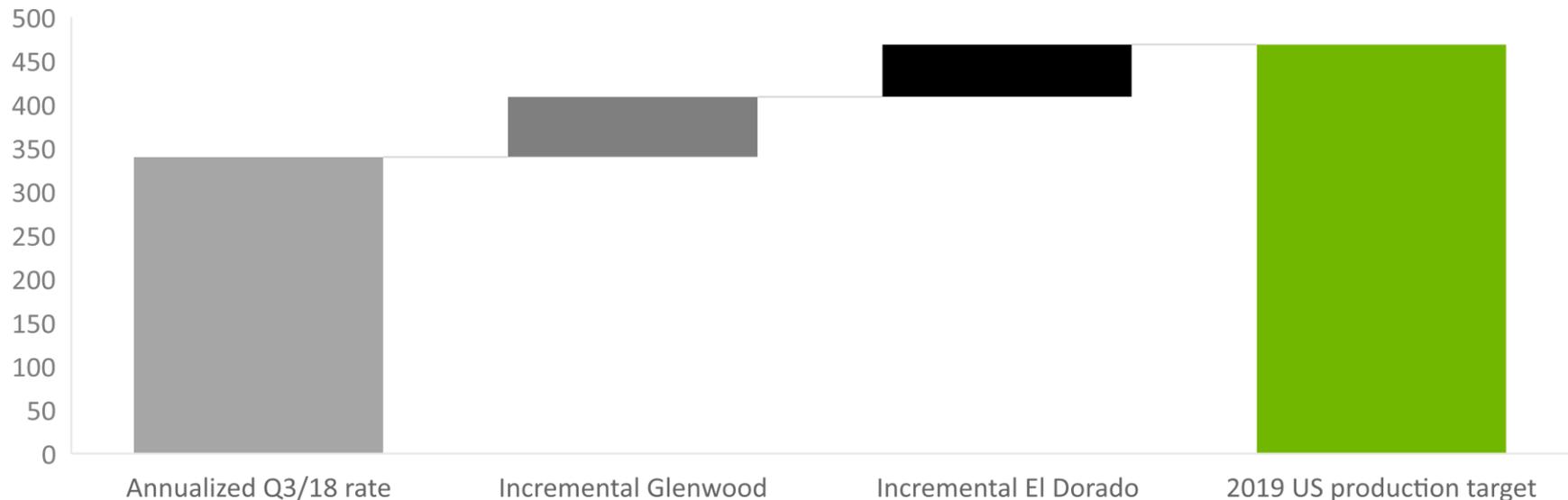
### Cumulative Electricity Production (Gigawatt hours)





## On Track For Our 2019 US Production Target: **470 million board feet**

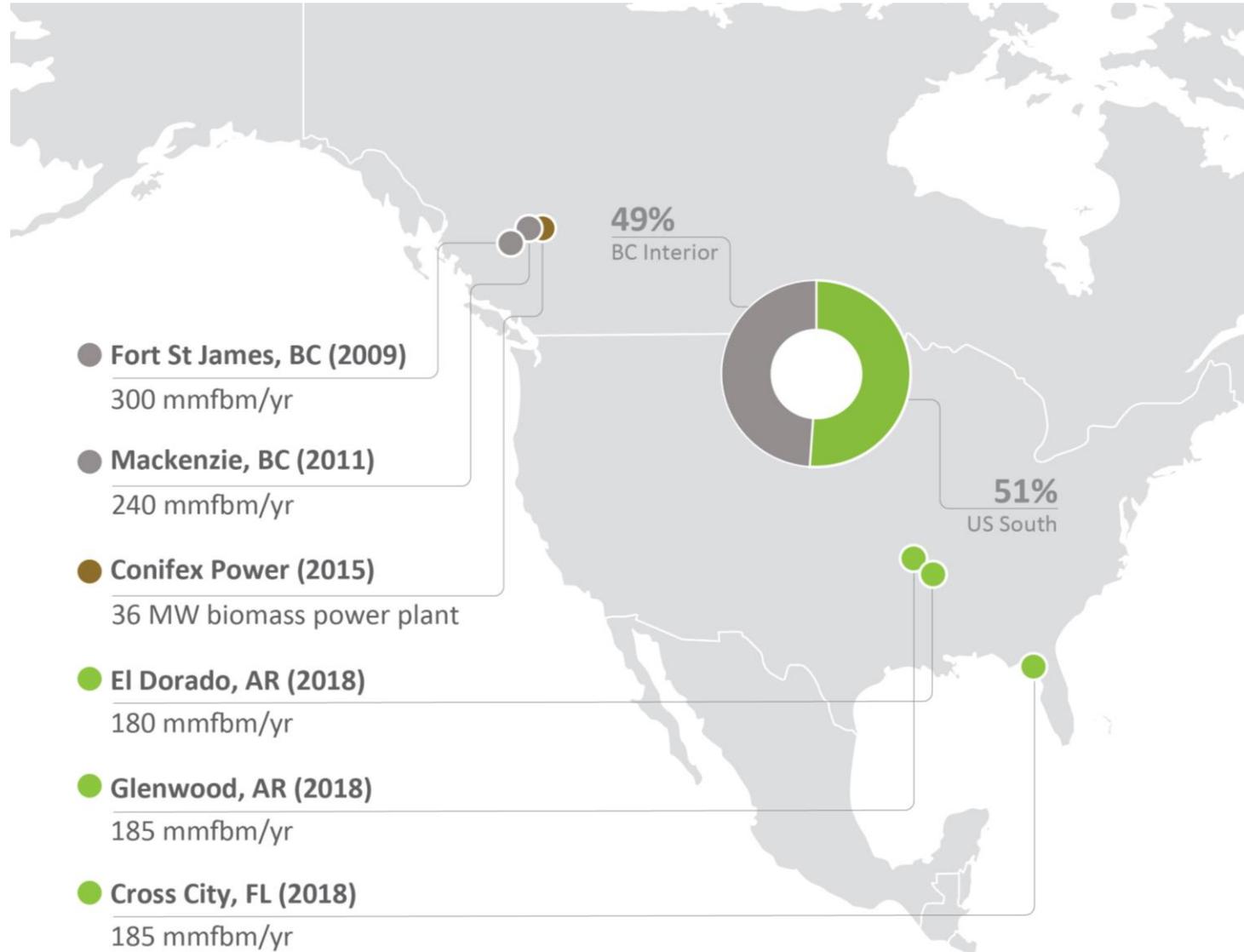
- Training complete and two-shift production now in place at both Glenwood and El Dorado
- Our teams are now highly focused on maximizing the benefit of recent capital investments
- In October, our three US mills operated at an annualized production rate of 400 million board feet
- Cross City currently enjoys wider EBITDA margins due to its specialty production of decking products





## CONIFEX

- 1.1 billion board feet of annual lumber capacity
- 550 million board feet in the high-margin US South
- Significant yr/yr growth in lumber production
- Biomass power plant has 20-year EPA with BC Hydro

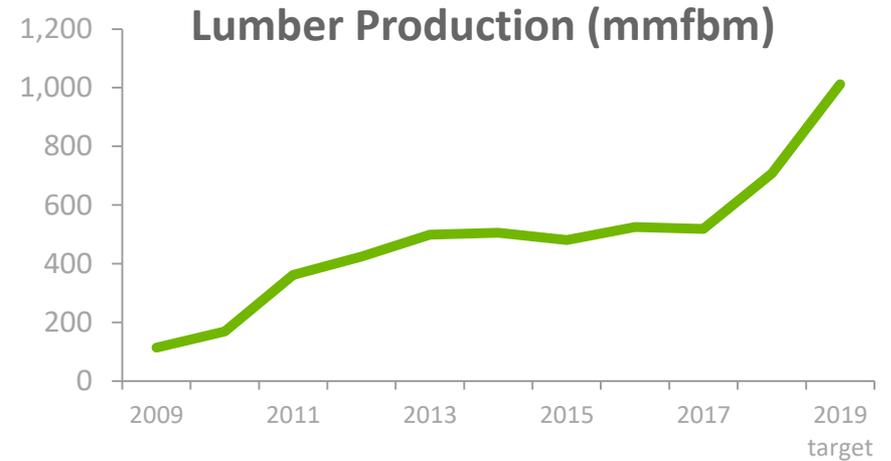




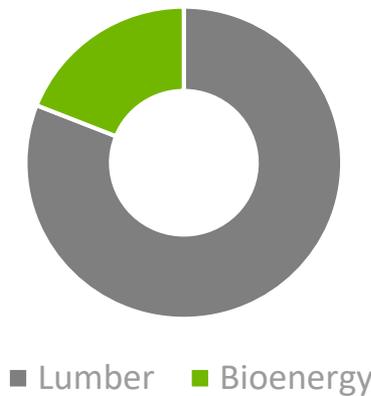
**46.6 million**  
Shares outstanding

**26%**  
Insider ownership

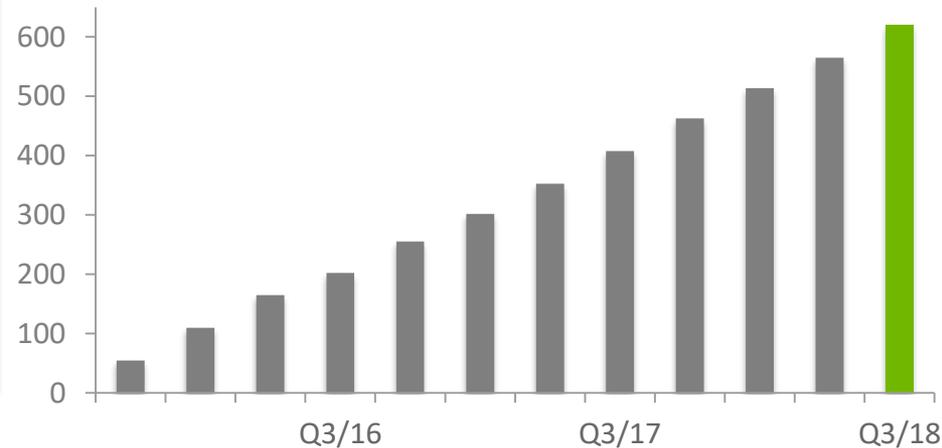
Committed  
to growing  
shareholder  
value per  
share



### EBITDA by segment (TTM)



### Cumulative Electricity Production (Gigawatt hours)





## Conifex - Investment Rationale

Attractive valuation

Shareholder alignment

Per share leverage

Financial strength

Margin-accretive production growth

Seasoned management team

Fibre supply to support growth

Internal logistics business



*"We plan to continue to invest in our assets, to maintain and enhance our competitive position and generate attractive returns."*