



CONIFEX



Building a Premier Next-Generation Forest Company

March 2019



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Further information is available at www.conifex.com and www.sedar.com



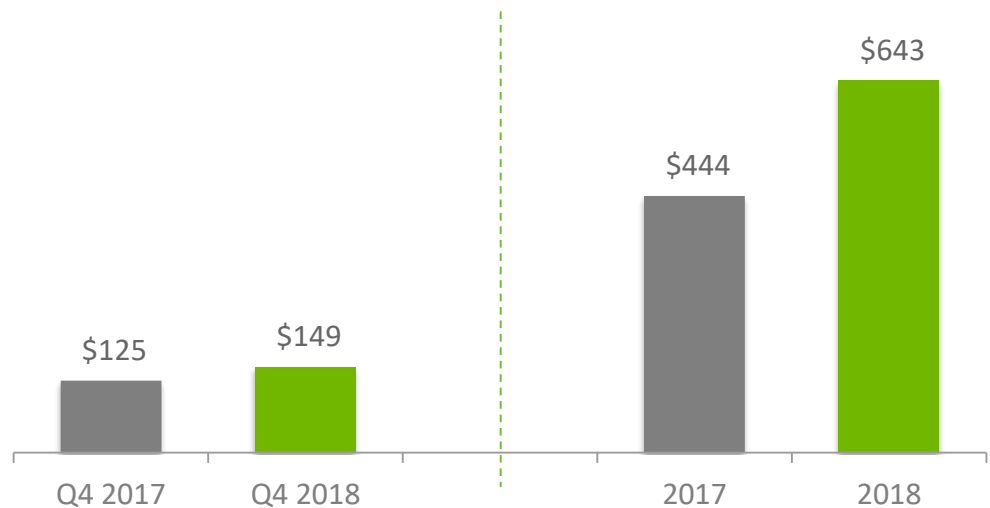
2018 – Consolidated

| (\$M) | Q4 2018 | Q3 2018 | Q4 2017 | 2018 | 2017 |
|------------------------|---------|---------|---------|-------|-------|
| Sales | 156.6 | 182.1 | 132.7 | 669.9 | 469.7 |
| Adjusted EBITDA (loss) | (6.0) | 16.3 | 17.5 | 40.4 | 46.0 |
| Net Income (loss) | (23.1) | 4.3 | 8.0 | (7.1) | 17.0 |
| Total Assets | 739.2 | 747.8 | 444.8 | 739.2 | 444.8 |

2018 Adjusted EBITDA by Segment



Lumber Segment Sales (\$M)





2018 – Bioenergy

Q4 2018 EBITDA \$4.7 million
 2018 EBITDA \$14.2 million

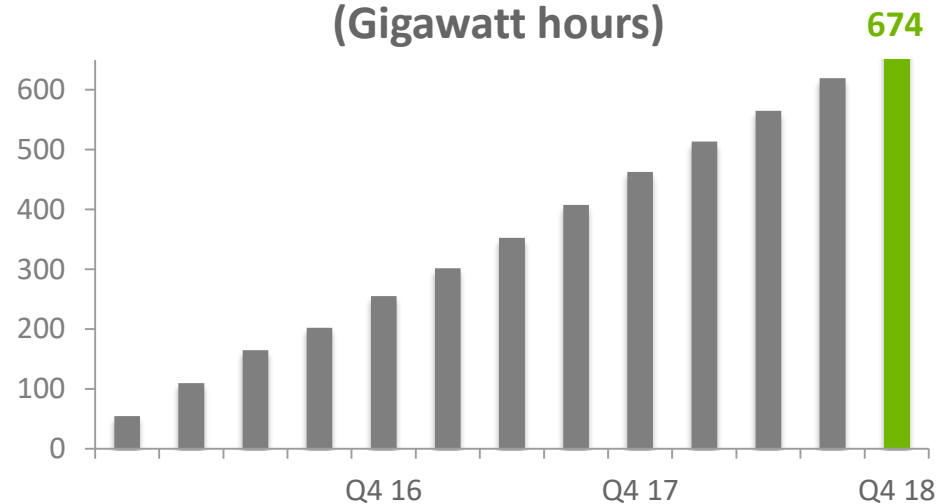
2018 Revenue +4% yr/yr
 2018 EBITDA +14% yr/yr

- Sold 54.6 GWh hours of electricity under our EPA, representing 100% of targeted operating rates
- Long-term debt funding secured on a fixed rate, basis, aligning debt repayments to operating cash flows.
- 2018 EBITDA increased by 14% vs. 2017 due to higher revenues and reduced operating costs.

Bioenergy EBITDA (\$M)



Cumulative Electricity Production (Gigawatt hours)

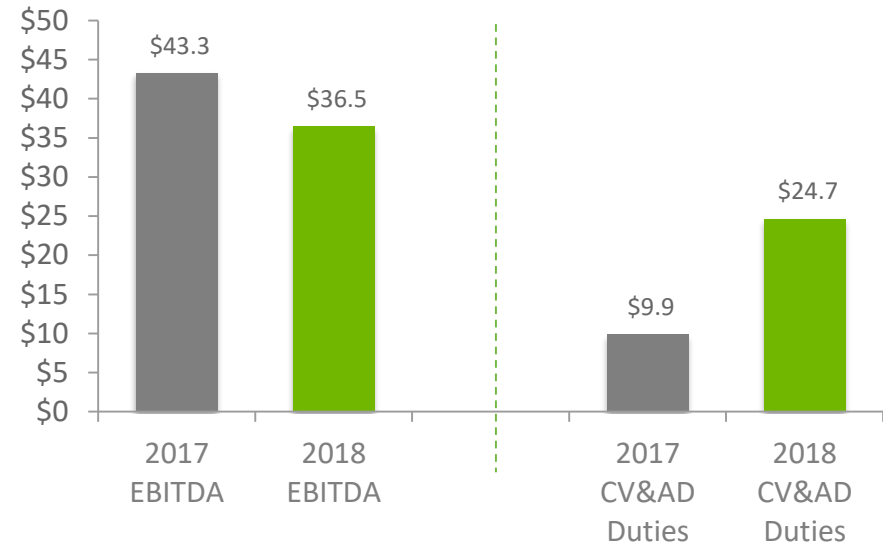




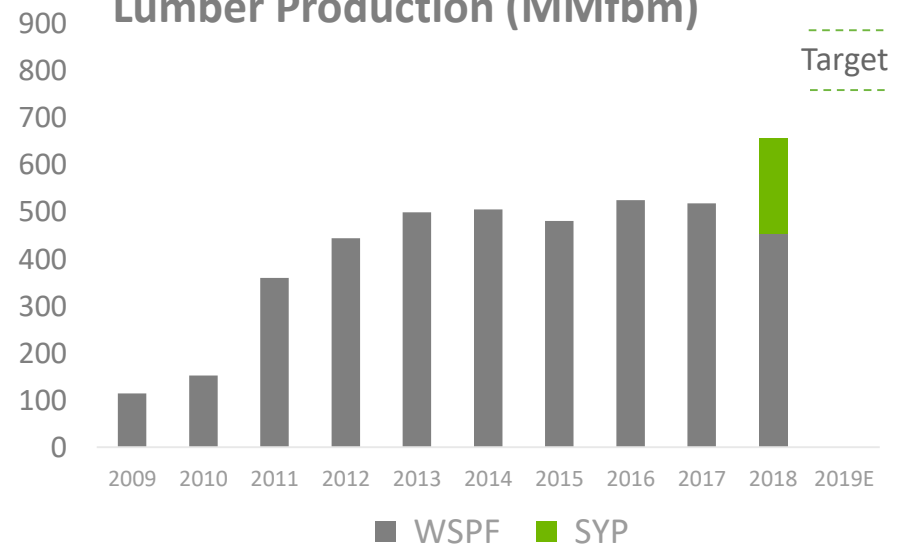
2018 – Lumber

- Lumber segment EBITDA of \$36.5 million was 16% lower than 2017 due to the impacts of higher duties, log cost inflation in BC, temporary curtailments at Fort St. James, and the incurrence of second-shift ramp-up costs at El Dorado and Glenwood.
- Fort St. James implemented a temporary change in operating format from two saw-lines to one saw-line in January 2019 in order to lower cash costs of production.
- The Fort St. James format change and production curtailments taken in February 2019 are estimated to reduce BC lumber production by 28% in the first two quarters of 2019.
- 2018 began with zero SYP production, and now the majority of Conifex lumber will be sourced from the US South following the ramp up of El Dorado, and the acquisition and continued enhancements of the Glenwood and Cross City mills.

Lumber EBITDA and Duties (\$M)



Lumber Production (MMfbm)



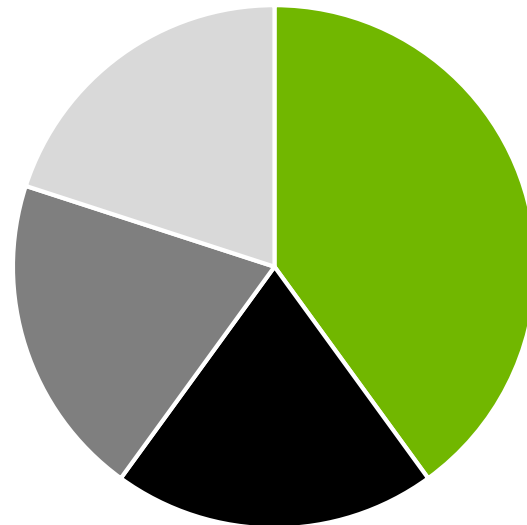


On track for 2019 US production growth

- Our teams are now highly focused on maximizing the benefit of recent capital investments
- Cross City currently enjoys wider EBITDA margins due to its production of premium decking products
- On track for 2019 margin improvement through:
 - ✓ Uptime and reliability, log cost / yield, grade outturns, and product mix

What Drives Investment Returns in the US South?

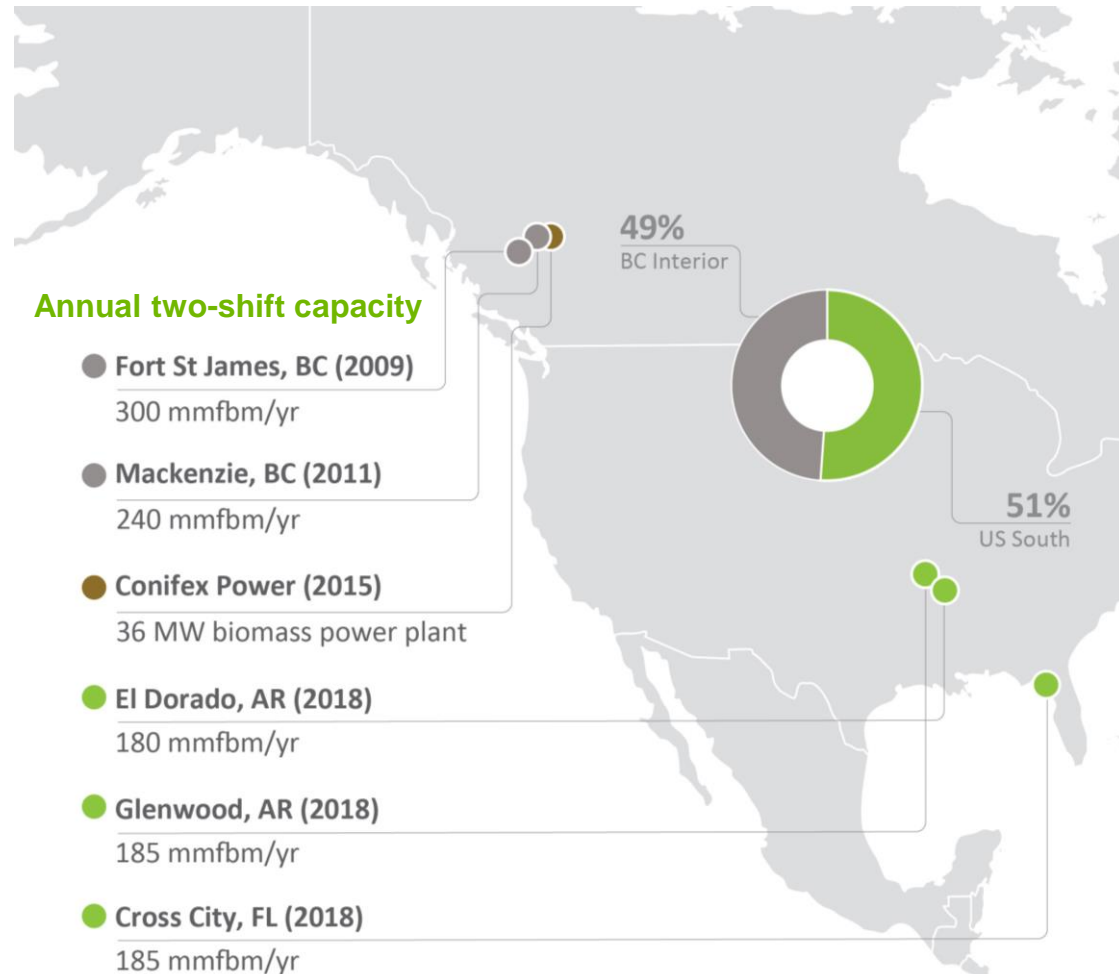
- Uptime and Reliability
- Log Cost / Yield
- Grade Outturns
- Product Mix





The US South – our growth engine

- Majority of our lumber production will be sourced from the high-margin US South
- Management team is experienced in optimizing the performance at restarted facilities
- Reliable fibre supply with cost effective proximity to our mills
- Attractive logistics and access to strong regional markets (Texas)
- Fully staffed to meet production targets
- Avoids exposure to trade dispute duties
- ✓ **Superior risk-adjusted returns**





Conifex - Investment Rationale

Attractive valuation

Shareholder alignment with
26% insider ownership

Per share leverage

All major capital expenditure
programs complete



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."