



CONIFEX



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

**Q1 2019**



CONIFEX

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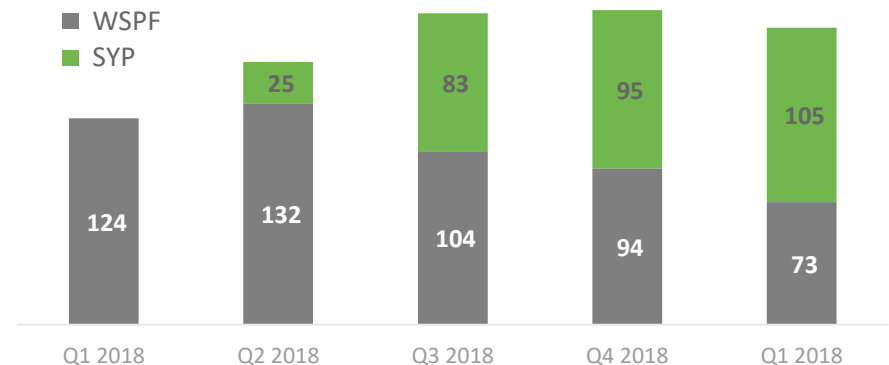
## Q1 2019 – Consolidated results from continuing operations

- Q1 2019 results reflect continued weak lumber prices, high log costs in BC, lower operating rates resulting in higher unit conversion costs, and duties on US Lumber shipments.
- US South mills operated at 89% of 2019 target production levels in Q1 2019.
- Temporary curtailment of Fort St James operations due to continued high log costs and low lumber price environment reduced WSPF production in Q1 2019.
- Bioenergy segment achieved a quarterly record of 55.6 gigawatt hours and EBITDA of \$4.7 million.

(\$M)	Q1 19	Q4 18*	Q1 18*
Sales	133.7	136.2	93.3
Adjusted EBITDA (loss)	(2.7)	(7.2)	8.2
Net Income (loss)**	(12.0)	(24.0)	1.6
Total Assets	723.4	739.2	456.4

\* Prior periods restated to exclude discontinued operations (sale of Lignum)  
 \*\* Includes unrealized gain/(loss) on US Dollar debt of \$4.5 million and \$11.3 million in Q1 19 and Q4 18, respectively

### Quarterly Lumber Production (MMfbm)



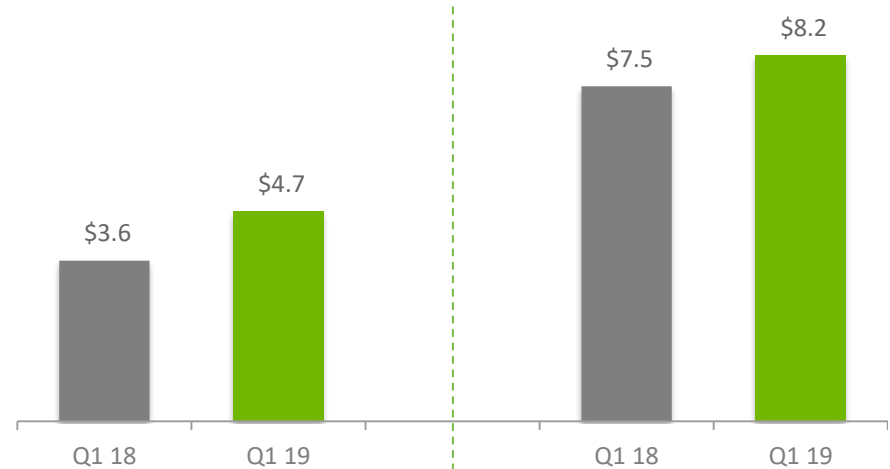


## Q1 2019 – Bioenergy

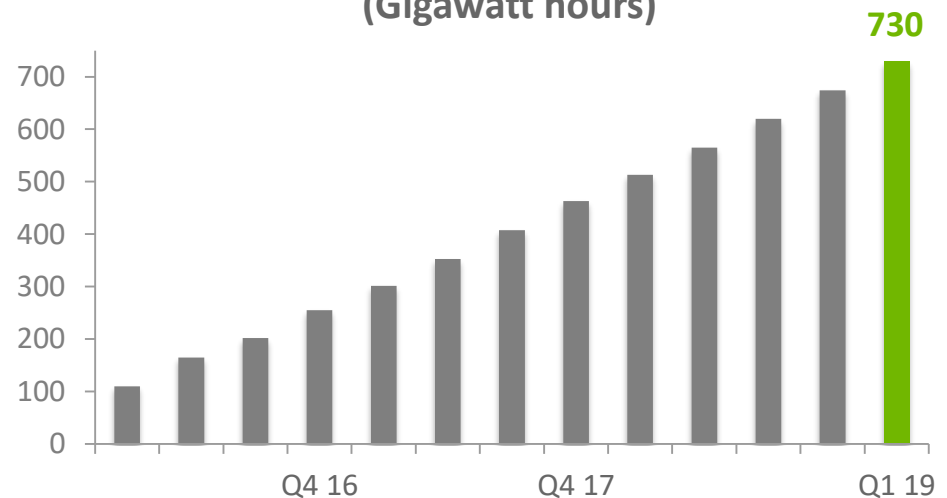
Q1 19 Revenue                    +9% yr/yr  
Q1 19 EBITDA                    +31% yr/yr

- Achieved a record of 55.6 gigawatt hours of electricity sold to BC Hydro in Q1 2019 representing 101% of targeted operating rates.
- Q1 2019 EBITDA increased by 31% vs Q1 2018 due to higher revenues and reduced operating costs. Q1 2018 results were impacted by an unplanned outage.

### Bioenergy EBITDA (\$M)



### Cumulative Electricity Production (Gigawatt hours)

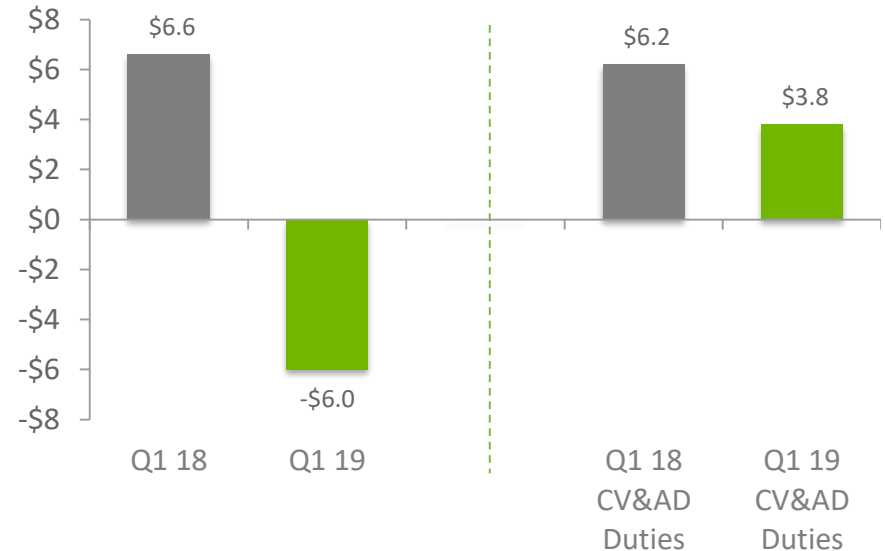




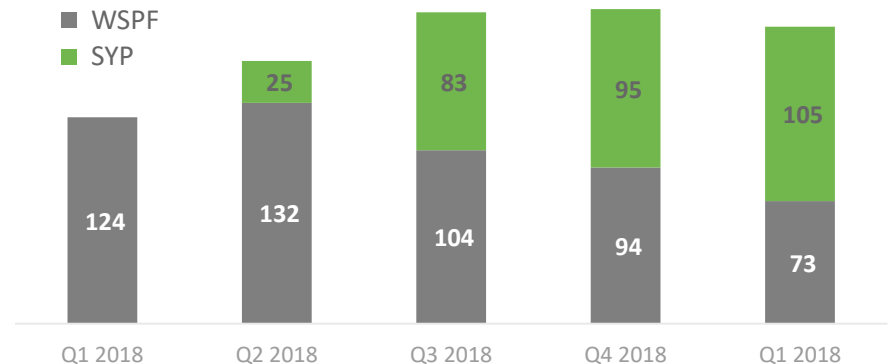
## Q1 2019 – Lumber

- Lumber segment EBITDA (Loss) of \$6.0 million was impacted by continued weak lumber prices, log cost inflation in BC, temporary curtailments at Fort St. James, and higher unit operating costs due to ramp-up of second shifts at El Dorado and Glenwood.
- Our Fort St. James mill implemented a temporary reduction in operating capacity in January 2019, expected to continue until mid-2019, and took production curtailments in February.
- We announced further production curtailments at our Fort St. James and Mackenzie mills in May 2019.
- We expect WSPF production capacity to be reduced by approximately 37% in the first half of 2019.
- We commenced commercial production of SYP in Q2 2018. In Q1 2019, our three US mills represented approximately 60% of total production volumes.

Lumber EBITDA (Loss) and Duties (\$M)



Quarterly Lumber Production (MMfbm)





## On track for 2019 US production growth

- Majority of our lumber production is sourced from the high-margin US South
- Our teams are 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

