

EARNINGS PRESENTATION FEBRUARY 2019



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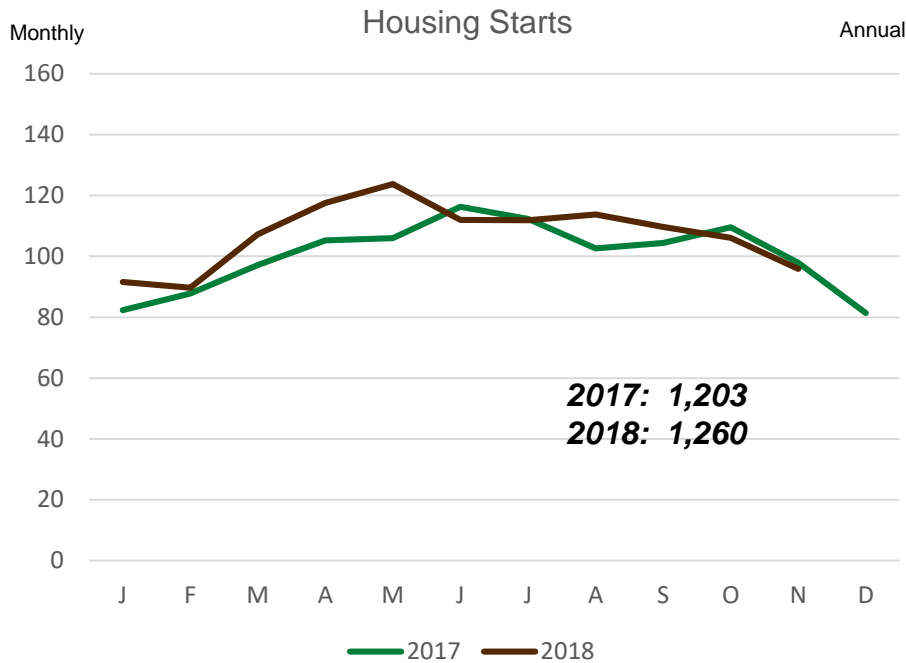
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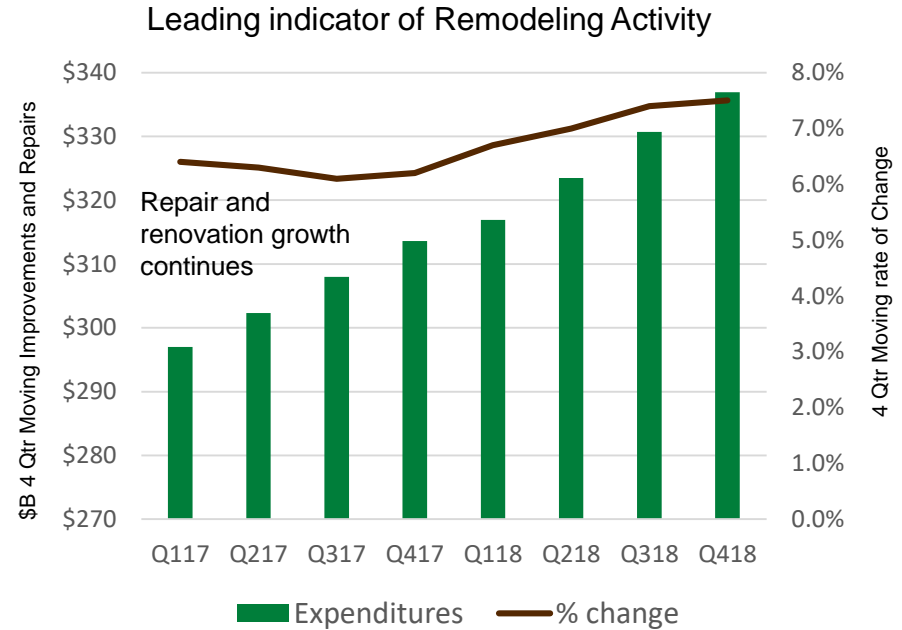
Terminology: References in this presentation to "MMfbm" or "mmfbm" mean million board feet, "SPF" means spruce-pine-fir and "SYP" means southern yellow pine. For any other technical terms used in this presentation, please see the Glossary of Industry Terms found in our most recent Annual Report.



Demand conditions



Source: US Census Bureau



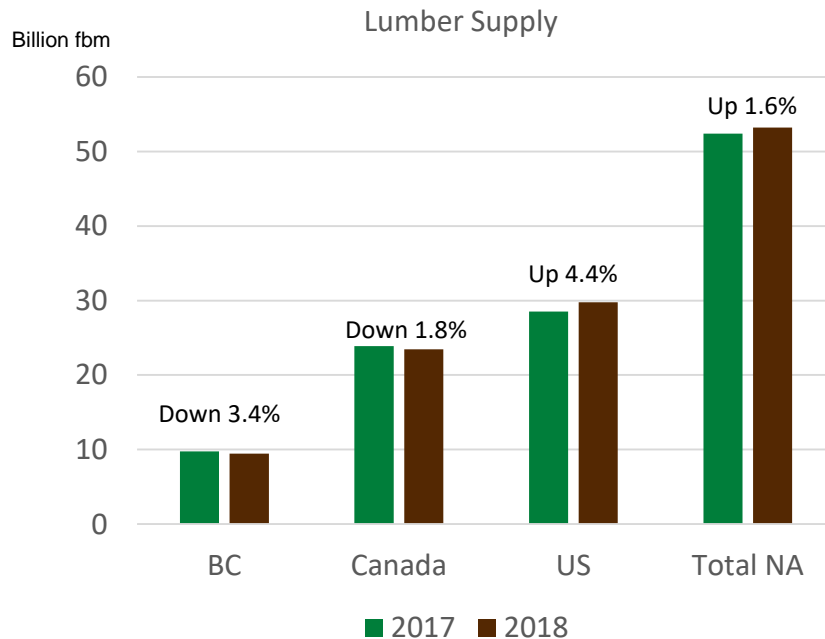
Source: Harvard Joint Centre for Housing Studies



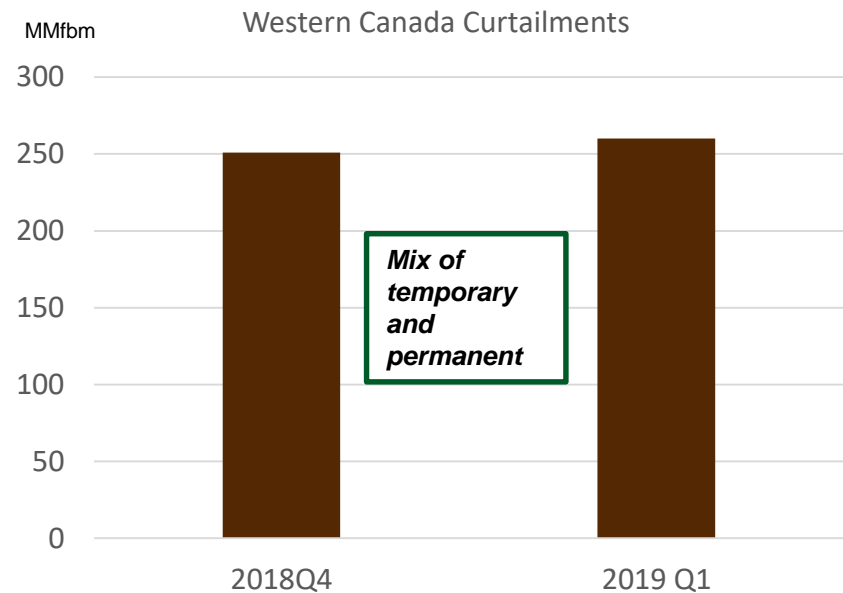
Limited growth needed for increased demand of 1 – 2 billion board feet



Supply conditions



Source: Western Wood Products Association, management estimates



Source: Industry analysts, public filings, management estimates

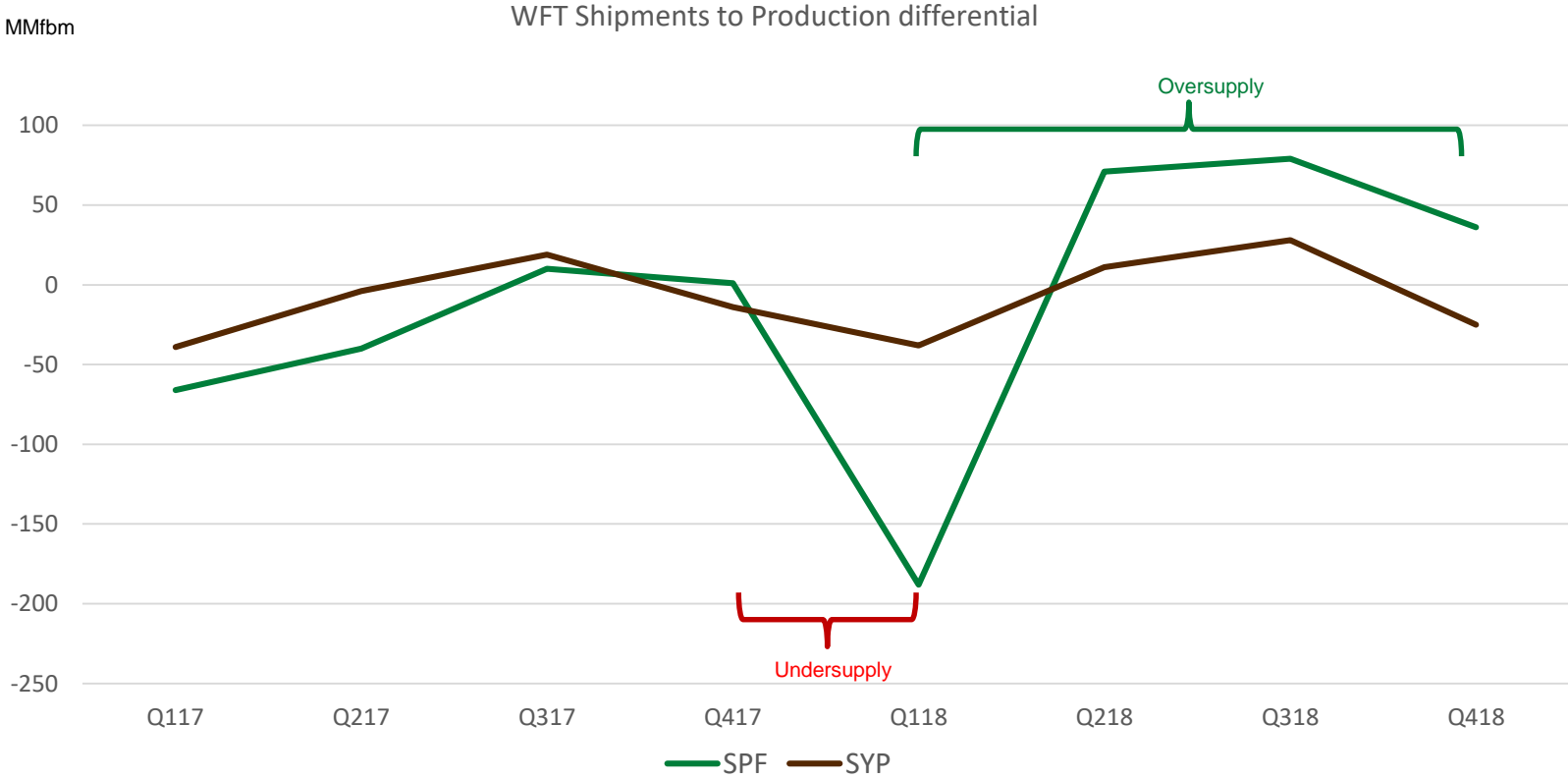
Supply growth challenges

- Equipment cost inflation affecting paybacks leads to cancelations
- Contractor availability and lead times
- Residual markets (new and existing)
- Slower than expected start up schedule
- Temporary curtailments become permanent

Curtailments a headwind to supply growth



Market volatility - Lumber



Difficult for quick production response, supply disruptions drive volatility



Lumber – key metrics

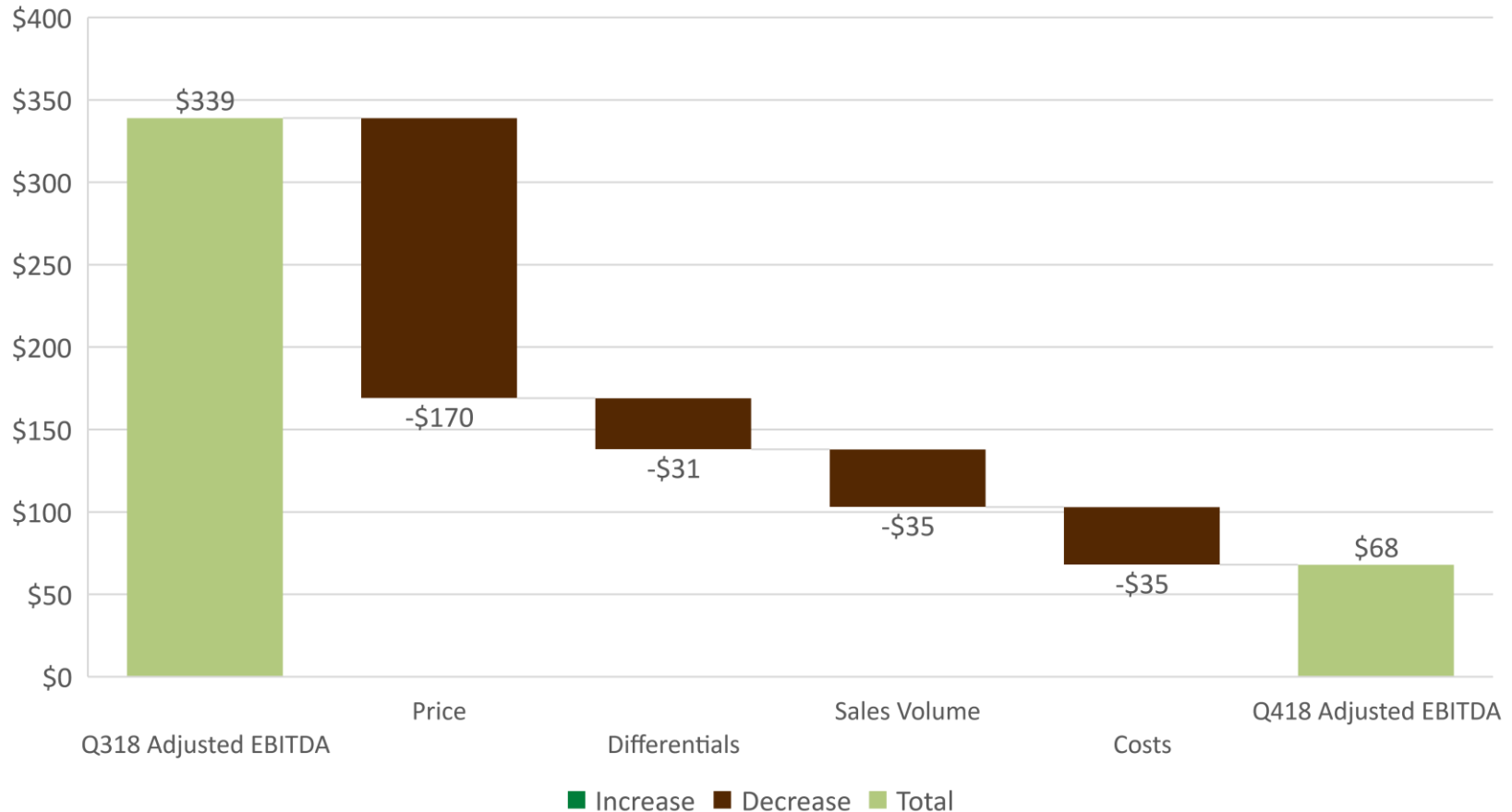
	Q418	Q318	Q3- Q4	
Lumber production (MMfbm)	1,559	1,642	(83) -5.1%	<ul style="list-style-type: none"> Log availability, wet weather, curtailments, maintenance, capital commissioning
Lumber shipments (MMfbm)	1,569	1,749	(180) -10.3%	<ul style="list-style-type: none"> Shipments fall more into line with production for Q418 after surge in Q2, Q3 to clear backlog
SPF #2 and Better, 2x4 - Cdn\$	\$ 432	\$ 630	\$ (198) -31.4%	<ul style="list-style-type: none"> Steep decline in SPF benchmark price over comparative periods
SYP #2 West, 2x4 - Cdn\$	\$ 553	\$ 613	\$ (60) -9.8%	<ul style="list-style-type: none"> SYP 2x4 held up better but wider dimensions dropped more significantly from third quarter to fourth quarter
SYP #2 West, 2x10 - Cdn\$	\$ 414	\$ 601	\$ (188) -31.2%	
SYP Composite - Cdn\$	\$ 508	\$ 604	\$ (96) -15.9%	
Adjusted EBITDA / Mfbm	\$ 43	\$ 194	\$ (150) -77.6%	<ul style="list-style-type: none"> Combination of lumber price, dimension differentials, log inflation, lower production and lower shipments shipments

SPF and SYP wides price decline key driver along with lower shipments



Q4 Lumber Earnings Reconciliation

Q318 – Q418 Adjusted EBITDA



Price and product differentials key driver, seasonal volume impact



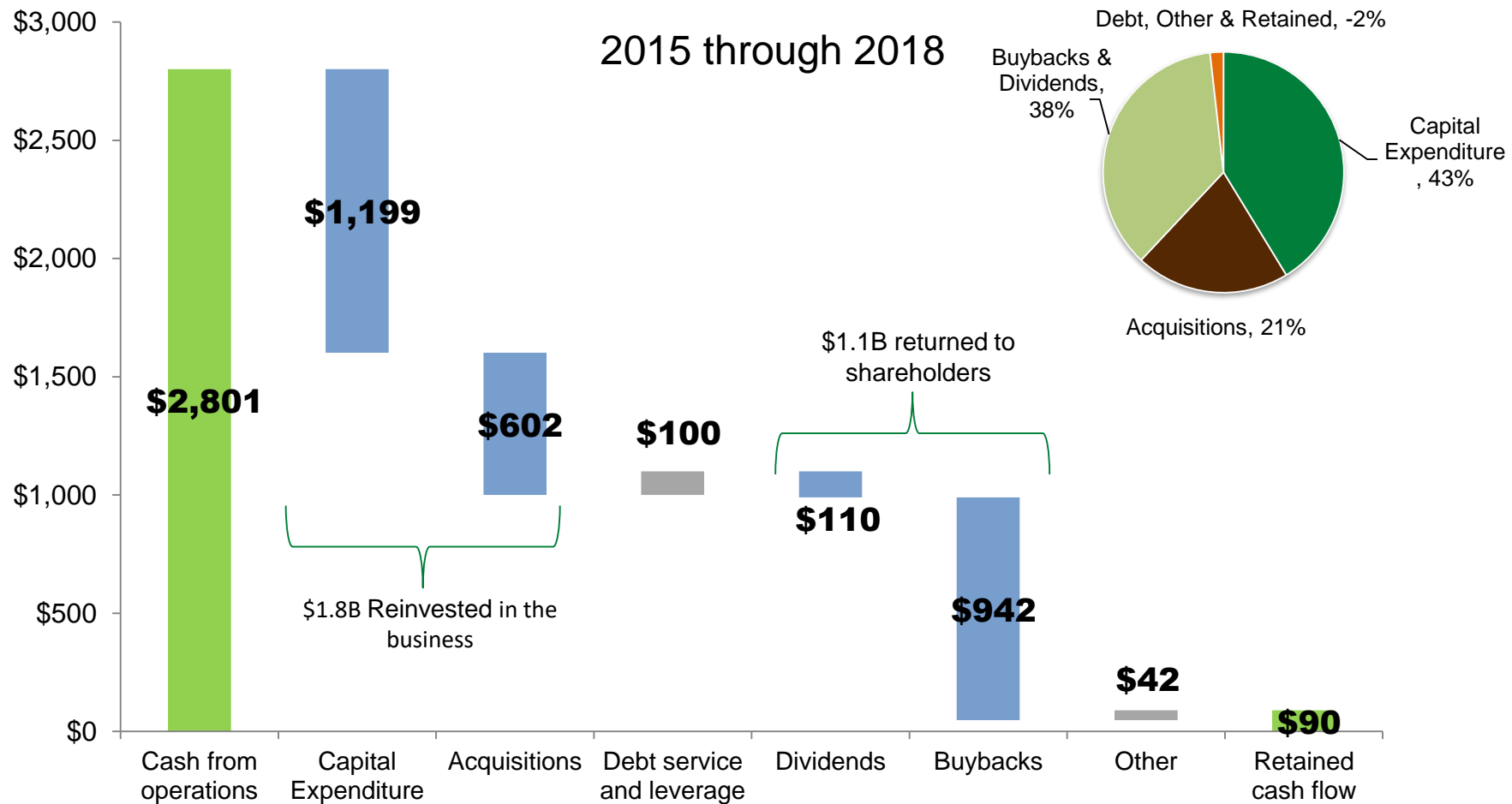
Year in Review

	2018	2017	Change	
Lumber shipments (MMfbm)	6,582	6,101	481 7.9%	<ul style="list-style-type: none"> Increase largely from carryover of Gilman acquisition and recovery from 2017 fire season
Pulp shipments (Mtonnes)	1,138	1,167	(29) -2%	<ul style="list-style-type: none"> Improvements at Slave Lake and Cariboo, maintenance and downtime at Quesnel River pulp, Hinton challenges continue
Adjusted EBITDA	\$ 1,538	\$ 1,160	\$ 378 33%	<ul style="list-style-type: none"> Higher prices across all commodities for much of the year
Cash flow from operations	\$ 909	\$ 902	\$ 7	<ul style="list-style-type: none"> Duties, pension funding and taxes consumed large portion of the growth in adjusted EBITDA
Capital expenditure	\$ 370	\$ 336	\$ 34 10%	<ul style="list-style-type: none"> 2 sawmill rebuilds, 5 continuous kilns, pulp upgrades
Net debt	\$ 606	\$ 376	\$ 230	<ul style="list-style-type: none"> Low leverage, strong liquidity, financial flexibility
Net debt to capital	17%	12%	500 bps	
Cumulative duties on deposit	\$ 323	\$ 85	\$ 238	<ul style="list-style-type: none"> Significant duties on deposit.
Shares outstanding (000s)	69,819	77,946	(8,127) -10%	<ul style="list-style-type: none"> Significant buyback activity over the course of the year, capital fully allocated

Record earnings and strong cash flow in a volatile year



Balanced Capital allocation

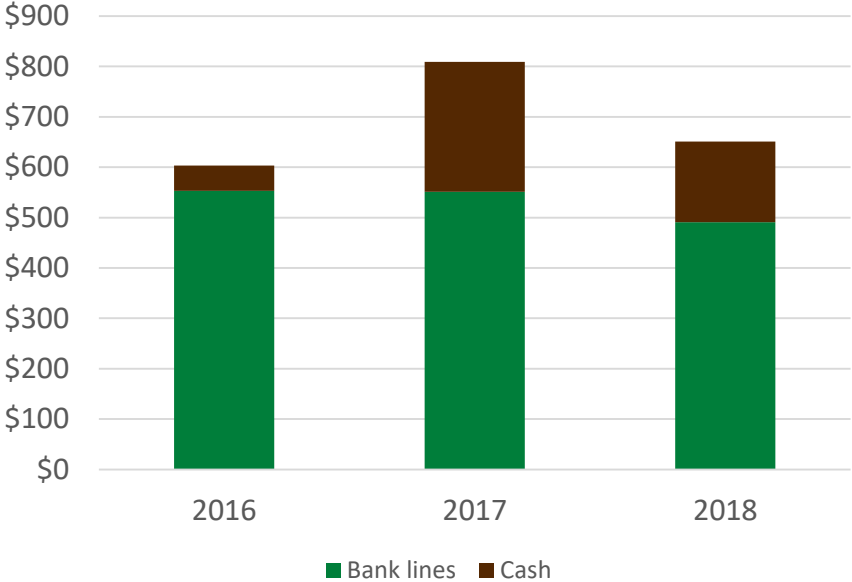


Consistently deploying capital to create value

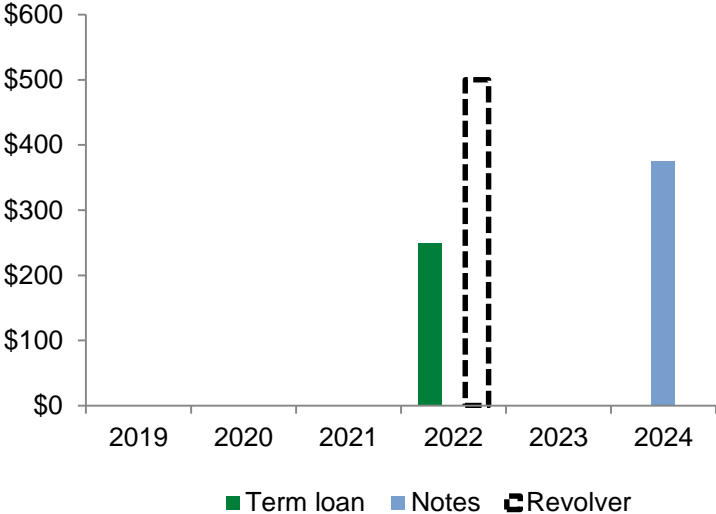


Liquidity

Available liquidity



Scheduled maturities

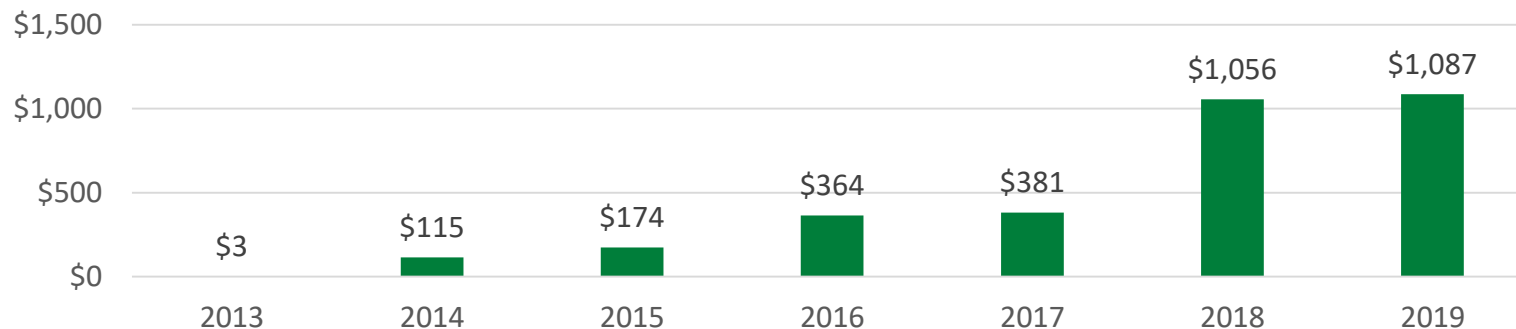


Ample financial flexibility



Share repurchases

Cumulative investment in repurchases
(millions of dollars)

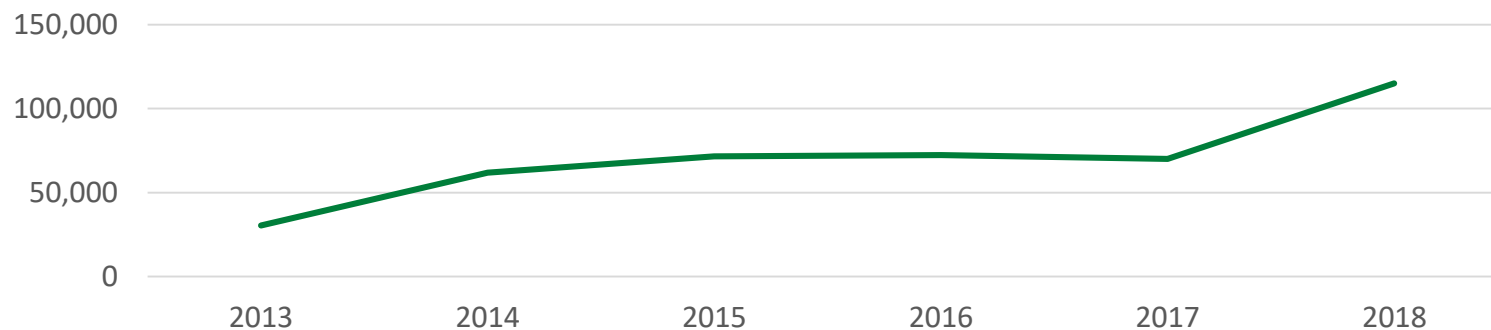


As of February 8, 2019

Average repurchase price:

2013	2014	2015	2016	2017	2018	2019	To date
\$44.60	\$51.86	\$55.57	\$44.06	\$68.45	\$82.97	\$73.06	\$66.07

Total volume traded (000)



Consistently buying back shares, trading liquidity remains robust



Summary

- × Supply shocks from transportation and weather contributed to volatile lumber price and earnings throughout 2018
- × Another significant wildfire season in BC further compromises long term timber supply
- × Difficult decisions taken on curtailments, permanent 300 Mmfbm reduction in BC
- × Continued reliability challenges at Hinton pulp
- ✓ Lumber supply and demand fundamentals remain sound, industry curtailments will affect 2019 supply picture
- ✓ Lumber markets recovering in Q1
- ✓ Improved results at Cariboo and Slave Lake Pulp
- ✓ Completed \$370M of capital investment including two new sawmills in low cost regions
- ✓ Maintained financial flexibility, executed balanced capital allocation strategy

