



# CORPORATE PRESENTATION



1<sup>st</sup> Quarter, 2021

May 2021



## 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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Certain references are made to non-IFRS measures, such as EBITDA and Adjusted EBITDA. Non-IFRS measures do not have a standardized meaning prescribed by IFRS and are therefore not comparable to similar measures presented by other companies.

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



- A public forestry company operating a sawmill complex and biomass power plant in Mackenzie, BC.
- As at March 31, 2021, we reported
  - Unrestricted cash balances exceeding \$6 million
  - An ABL facility with \$10 million of undrawn availability primarily supported by inventories and receivables
  - A net debt to capitalization ratio of approximately 29%, including limited recourse debt and leases
- Debt Structure
  - Our net debt is entirely represented by a fixed-rate loan secured by our power generation assets and serviced from cash flow generated over the 14-years term remaining of the Energy Purchase Agreement with BC Hydro



**Sawmill Complex**



**Power Plant**

Our lumber business is debt-free with cash in the bank.



# POWER GENERATION

- Capacity is in excess of 230 gigawatt hours (“GWh”) of electricity per year, of which 200 GWh is sold under a fixed price contract to BC Hydro and 30 GWh is for internal consumption.
- Electricity purchase agreement (EPA) and a related load displacement agreement (LDA) have been executed with BC Hydro expiring in April 2035.
- Representing a majority of our investment in fixed assets, has historically generated approximately \$14 million in annual EBITDA consuming our sawmill and harvest residuals.
- Supported by feedstock delivered from the Mackenzie sawmill complex.



Power generation diversifies and stabilizes EBITDA.



# LUMBER MANUFACTURING

- Operate a two-line sawmill complex equipped to handle large- and small-diameter logs with approximately 240 million board feet of lumber capacity on a two-shift annual basis.
- Our main products are spruce, pine, fir (SPF) dimension lumber ranging in size from 2x4 to 2x10 inches from 6 to 16 feet in length.
- A full range of grade outturns are achieved and marketed to the most suitable customer base. Our main markets, in descending order of importance are, the US, Canada and Japan.
- The vast majority of lumber is shipped by rail from Mackenzie; truck deliveries account for the remainder.



We deal with a broad cross-section of lumber customers, with no single customer accounting for 10% of sales.



## FIBRE, RESIDUALS AND PEOPLE

- Our fiber sourcing includes access to a forest licence in the Mackenzie Timber Supply Area (TSA) with an allowable annual cut (AAC) of 632,500 cubic metres, and a 50% interest in a forest licence with an AAC of 300,000 cubic metres.
- Since fibre is the single largest input cost and typically accounts for over 50% of the cash cost of manufacturing lumber, our high degree of fibre self-sufficiency reduces our exposure to uncertainties in the market for purchased fibre.
- Our lumber manufacturing co-products include bark and planer shavings consumed in our power plant; wood chips sold to a nearby pulp mill, and trim waste sold to a secondary lumber manufacturer.
- We have approximately 234 employees in our lumber, corporate and marketing segments and 36 at our power plant for 270 in total.
- Five-year collective agreements are in place with our unionized employees at our sawmill complex and power plant, with expiry on June 30, 2023.

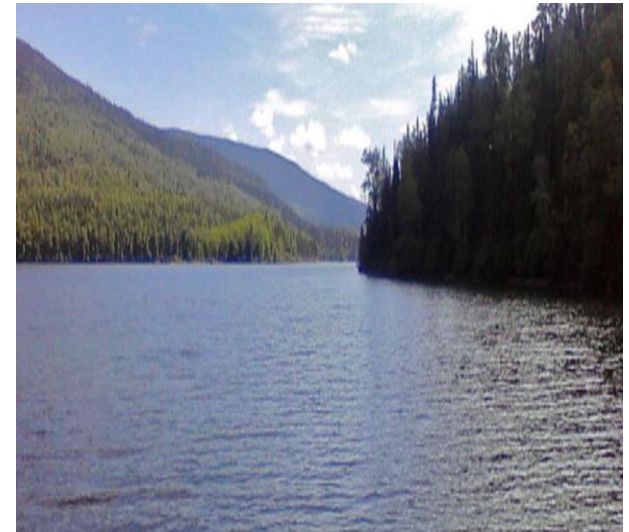


One of the highest degrees of timber self-sufficiency in BC.



## ALIGNMENT WITH STAKEHOLDER OBJECTIVES

- The federal government has prioritized climate action and Indigenous reconciliation. The province of BC has similar priorities. Conifex is doing its part to help government achieve their objectives.
- Since our inception as a public company, we have abided by our publicly disclosed long-term strategy “to build Canada's premier, next generation forestry company that is a world leader in responsibly maximizing fibre value.”
- Our near-term business strategy seeks to capitalize on our existing forestry assets, located in an abundant fibre supply region, to build margin-focused lumber and bioenergy businesses to compete successfully with the best the forest sector has to offer.



**Mackenzie, BC**

Our corporate strategy remains entirely consistent with the governments’ climate mitigation, Indigenous reconciliation and economic recovery objectives.



# ENVIRONMENTAL SOCIAL GOVERNANCE







# SELECT OPERATING AND FINANCIAL INFORMATION

Continuing operations for the comparative periods primarily comprise operating results from our Mackenzie sawmill and power plant, and corporate costs.

<b>Selected Operating and Financial Information<sup>(1)</sup></b>			
<b>In millions of dollars, unless otherwise noted</b>	<b>Q1 2021</b>	<b>Q4 2020</b>	<b>Q1 2020</b>
Production - WSPF lumber (MMfbm) <sup>(2)</sup>	51.0	48.3	38.2
Shipments - WSPF lumber (MMfbm)	37.8	49.1	37.6
Shipments - wholesale lumber (MMfbm)	0.7	1.8	-
Electricity production (GWh)	25.0	41.7	54.8
Average exchange rate - US\$/ $\text{\$}$ <sup>(3)</sup>	0.790	0.767	0.744
Average WSPF 2x4 #2 & Btr lumber price (US $\text{\$}$ ) <sup>(4)</sup>	982	700	399
Average WSPF 2x4 #2 & Btr lumber price ( $\text{\$}$ ) <sup>(5)</sup>	1,244	912	536
<b>Sales</b>			
Lumber - Conifex Produced	39.9	42.0	20.9
Lumber - Wholesale	0.6	1.7	-
By-Products	2.4	-	1.7
Bioenergy	3.7	6.1	8.0
Total Sales	46.6	49.8	30.6
Operating Income (Loss)	8.7	4.6	(6.8)
Adjusted EBITDA (Loss) <sup>(6)</sup>	9.7	6.8	0.5

(1) Reflects results of continuing operations.

(2) MMfbm represents million board feet.

(3) Bank of Canada, [www.bankofcanada.ca](http://www.bankofcanada.ca).

(4) Randon Lengths Publications Inc.

(5) Average SPF 2x4 #2 & Btr lumber prices (US $\text{\$}$ ) divided by average exchange rate.

(6) Conifex's adjusted EBITDA calculation represents earnings before finance costs, taxes, depreciation and amortization, foreign exchange gains or losses on long-term debt, restructuring costs, proceeds from insurance claims and gains or losses on sale of assets.



# SELECTED FINANCIAL POSITION INFORMATION

## Selected Financial Position Information

In millions of dollars, unless otherwise noted

	Q1 2021	Q4 2020	Q1 2020
Cash	6.4	11.2	12.1
Cash - Restricted	5.6	3.6	6.5
Operating Working Capital <sup>(1)</sup>	23.1	14.7	8.8
Liquidity	16.4	21.2	12.1
Net Current Assets	30.7	25.0	22.9
Total Debt	61.9	63.4	66.3
Net debt to capitalization	29%	29%	29%
Net debt to capitalization excluding Power Term Loan	(3%)	(3%)	2%

(1) Calculated as the aggregate of trade and other receivables, prepaid expenses and deposits and inventories less the aggregate of trade payables, accrued liabilities and other payables, the current portion of reforestation obligations and employee liabilities.

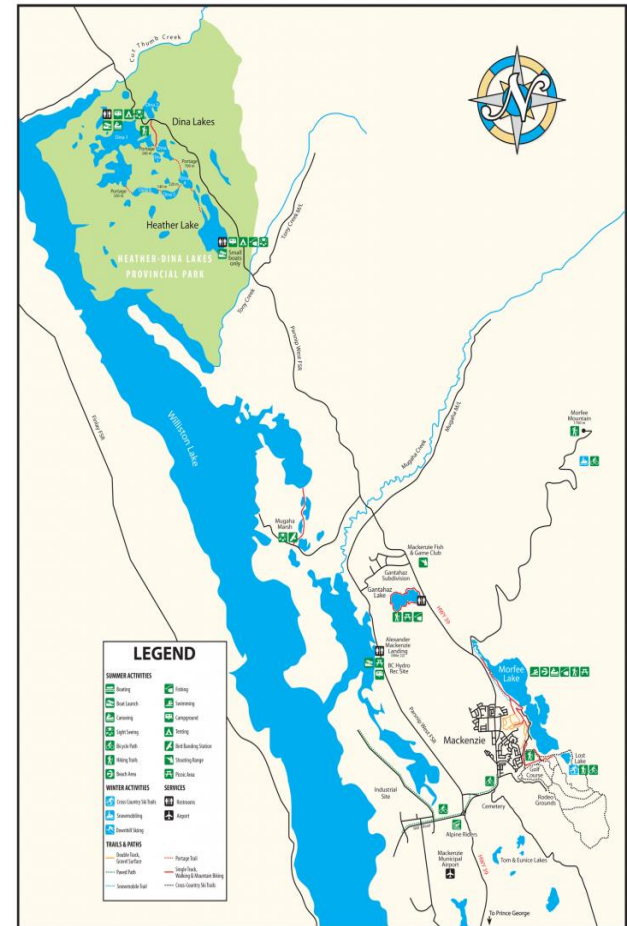


# OUTLOOK FOR 2021

We anticipate power production will be maintained at targeted rates and receipt of proceeds from settlement of our business interruption insurance claim

- **Second Quarter Outlook for Lumber**
  - Production should be in line with Q1
  - Shipments should exceed production as rail car availability improves
  - Mill net selling price realizations will be higher based on our shipments to date and order file
- **Second Half Outlook for Lumber**
  - We anticipate an active summer logging program and increased sawlog availability
  - Unit log costs will increase because of market-related stumpage rate increases
  - We anticipate a slight increase in operating hours at our sawmill complex as sawlog supply improves
- We expect the Ministry will renew its harvest level and mix determination for the Mackenzie TSA around the end of the year.

Mackenzie Area



We anticipate Q2 and Full Year EBITDA to be at record levels.

# CONIFEX LEADERSHIP TEAM



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& CEO



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