

Pinnacle's Pursuit to Own Safety and Drive Results in the Wood Pellet Industry

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FORWARD-LOOKING INFORMATION

This presentation may contain “forward-looking information” within the meaning of applicable securities laws in Canada. Forward-looking information may relate to Pinnacle’s future financial outlook and anticipated events or results and may include information regarding its financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding the Company’s expectations of future results, performance, achievements, prospects or opportunities or the markets in which it operates is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances. If any of the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those expressed in the forward-looking information. The Company has no obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors, including those described in “Risk Factors” which are described in the Company’s Annual Information Form (“AIF”) filed on SEDAR on March 27, 2018.

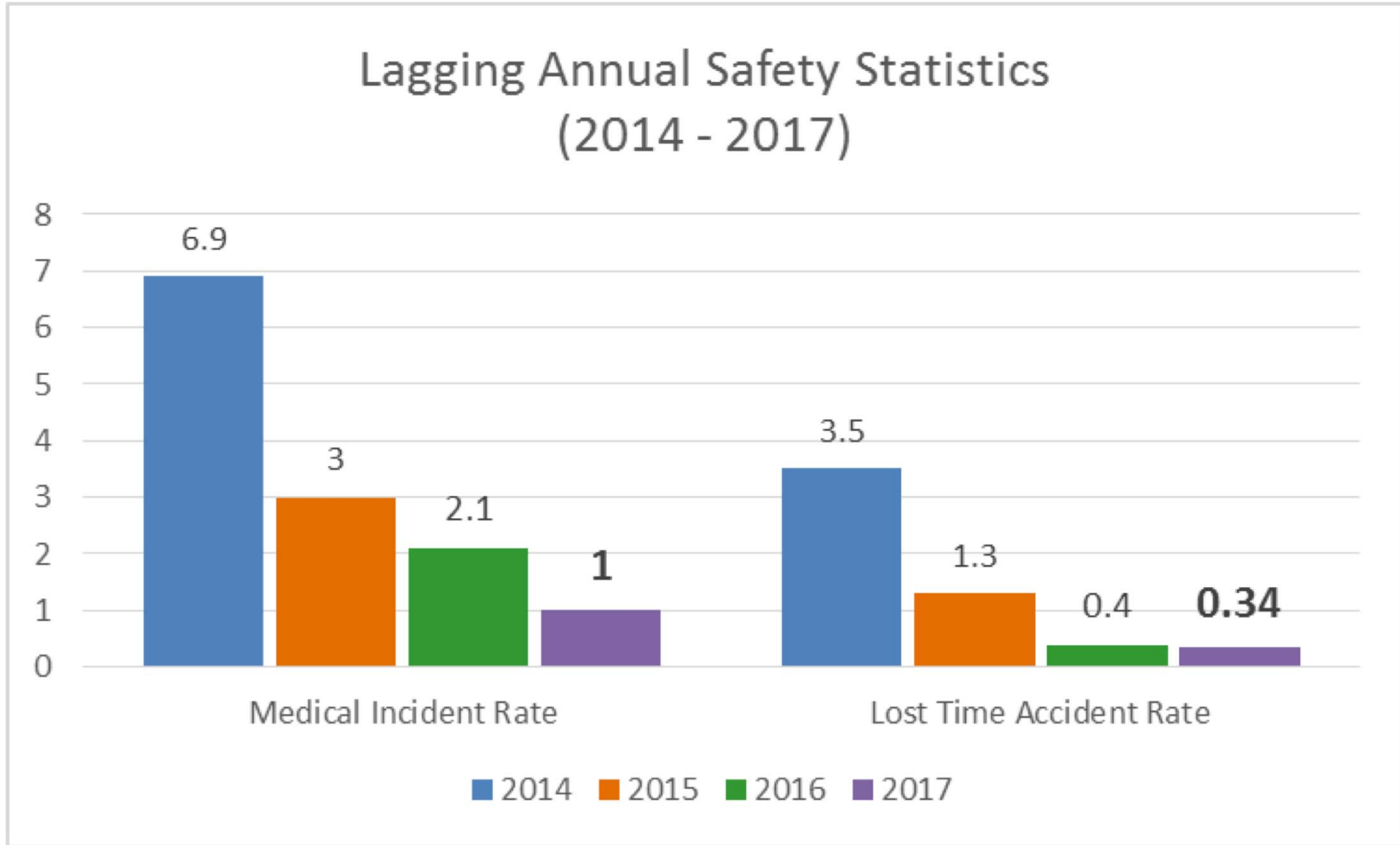
We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. See “Forward-looking Information” and “Risk Factors” in the Company’s AIF filed on SEDAR for a discussion of the uncertainties, risks and assumptions associated with these statements.

NON-IFRS MEASURES

This presentation makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including “EBITDA”, “Adjusted EBITDA”, “Adjusted EBITDA per Metric Ton”, “Adjusted Gross Margin”, “Adjusted Gross Margin per Metric Ton”, “Adjusted Gross Margin Percentage” and “Free Cash Flow”. These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. As required by Canadian securities laws, we reconcile these non-IFRS measures to the most comparable IFRS measures in our Management Discussion & Analysis for the fiscal fourth quarter and year ended December 29, 2017.

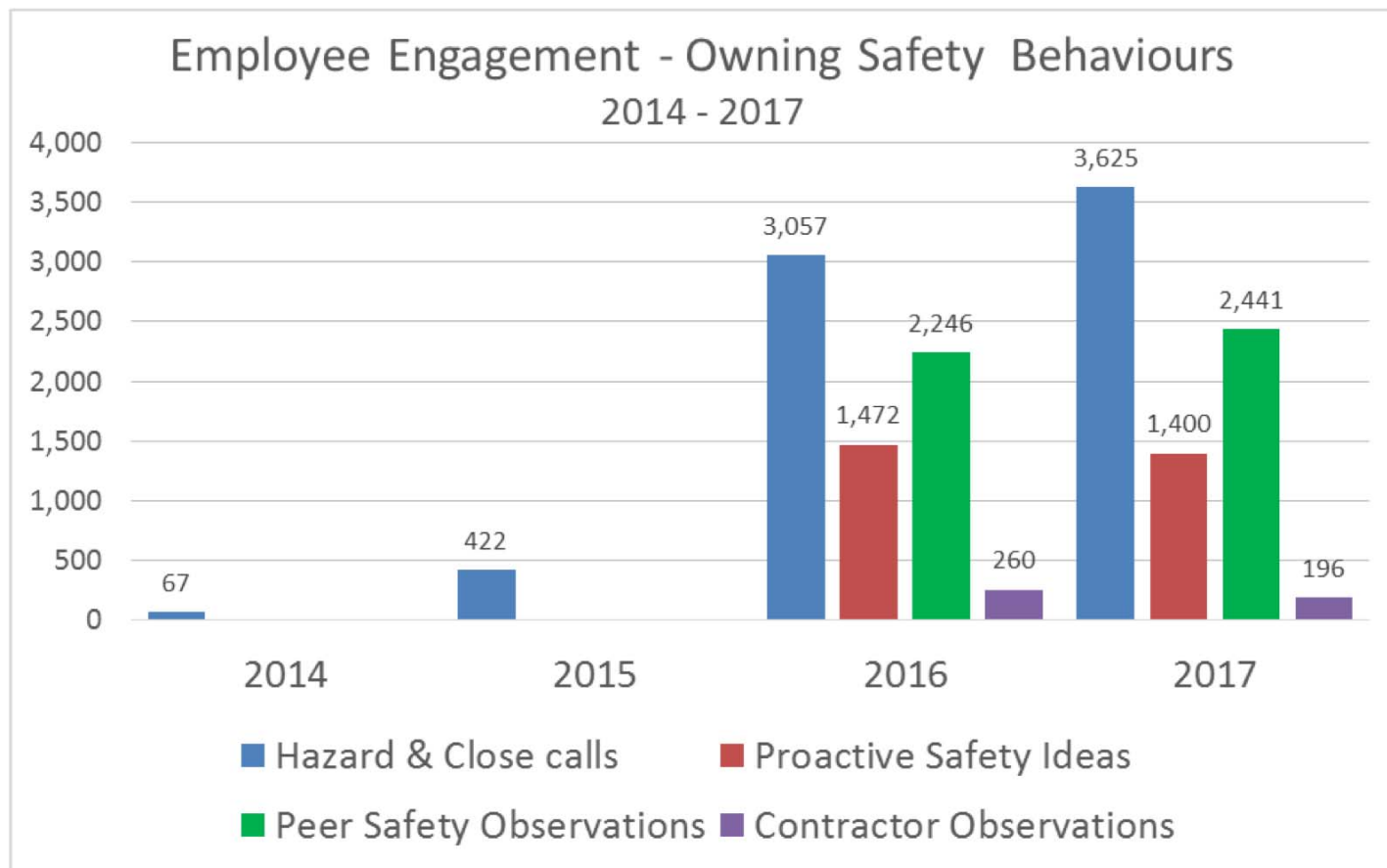
OWNING SAFETY





OWNING SAFETY – PERFORMANCE TRACKING

- Focus on proactive safety indicators to drive meaningful engagement (listening & learning)
- Grow **Owning Safety culture** as cornerstone of Vision, Mission, Values.
- Engage - >95% response rate to Owning Safety behaviour entries






OWNING SAFETY

For me, my teammates and my family

TARGET

Zero (0) Fires; Zero (0) Incidents; Complete Employee Buy-in

1. 100% near hits / close calls are reported and investigated
2. Everyone addresses an unsafe act or condition at the time
3. Employees are trained and demonstrate competency for their tasks
4. Employees openly give and receive constructive Owning Safety feedback
5. Management consistently recognizes and rewards Owning Safety behaviors

FOCUS AREAS*

20% of activities give rise to 80% of our risk; **focus on the 20%**

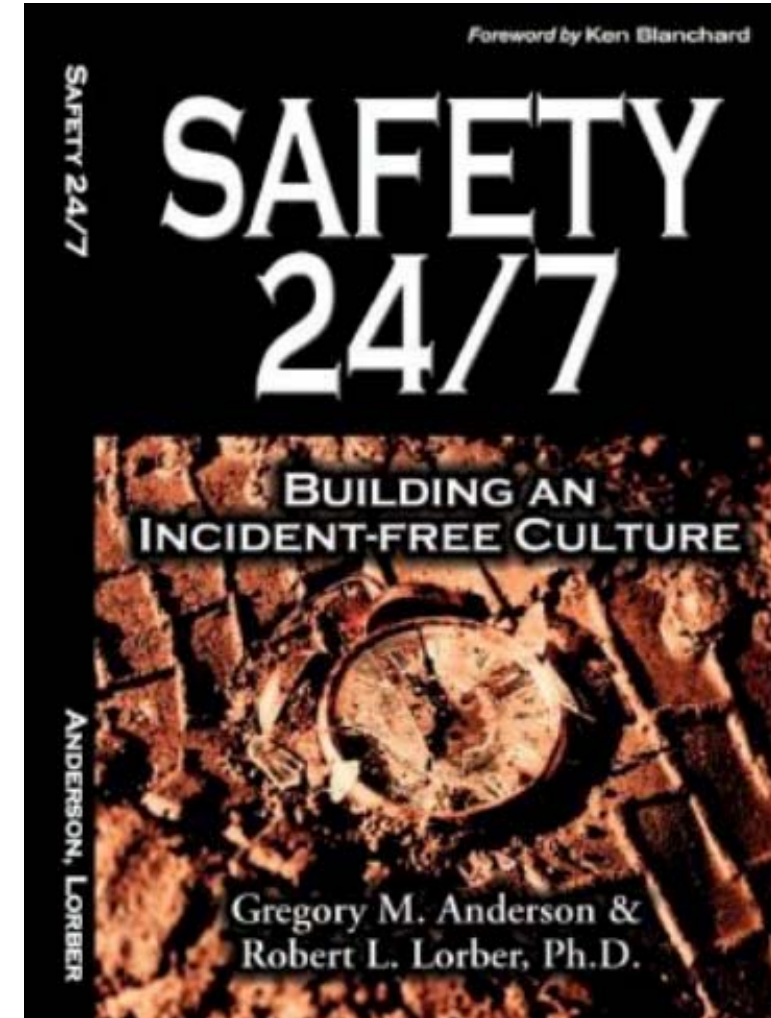
<ul style="list-style-type: none"> • Confined Space • Lockout • Combustible Dust • Safeguarding 	<ul style="list-style-type: none"> • New & Young Workers • Employee Training & Education • Contractor Management • Management of Change
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*Supported by: Standard Operating Procedures (SOPs) & Safe Work Practices (SWPs); Documentation & Due Diligence

The experts regularly say, “*safety is great for business*”

Pinnacle has been able to experience this first hand. As our safety results improved, so has:

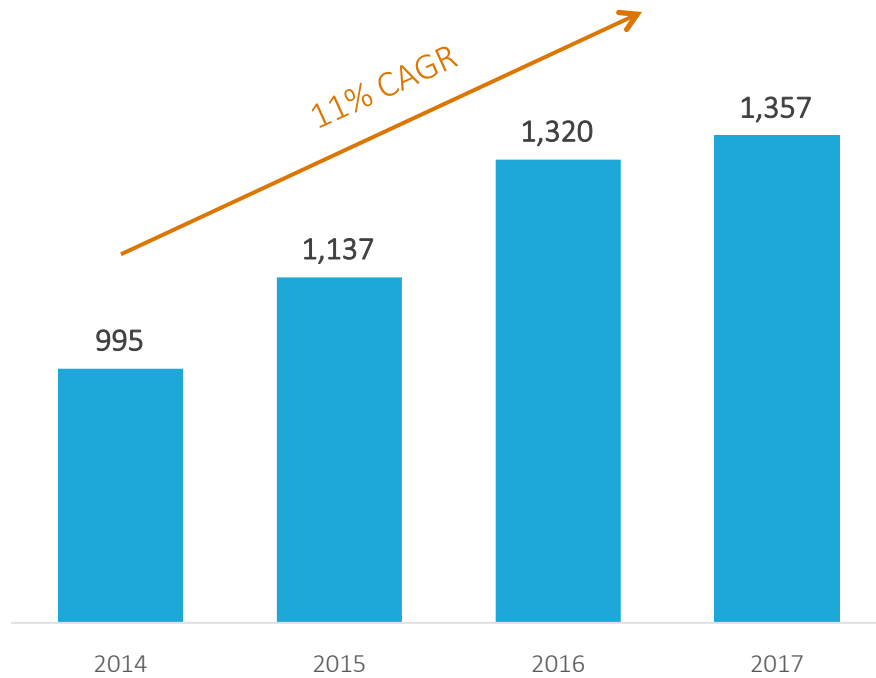
- **Retention** – employee retention rates have shown meaningful improvements
- **Net Promoter Score** – our employees enjoy where they work and are our biggest advocates
- **Quality** – improved ownership and attention to detail has resulted in higher quality pellets.
- **Production** – improved uptime at our facilities
- **Efficiency** – improved throughput at our pelleters
- **EBITDA** – significant consistent improvements



STRONG HISTORICAL FINANCIAL PERFORMANCE

Pinnacle has delivered strong growth since 2014

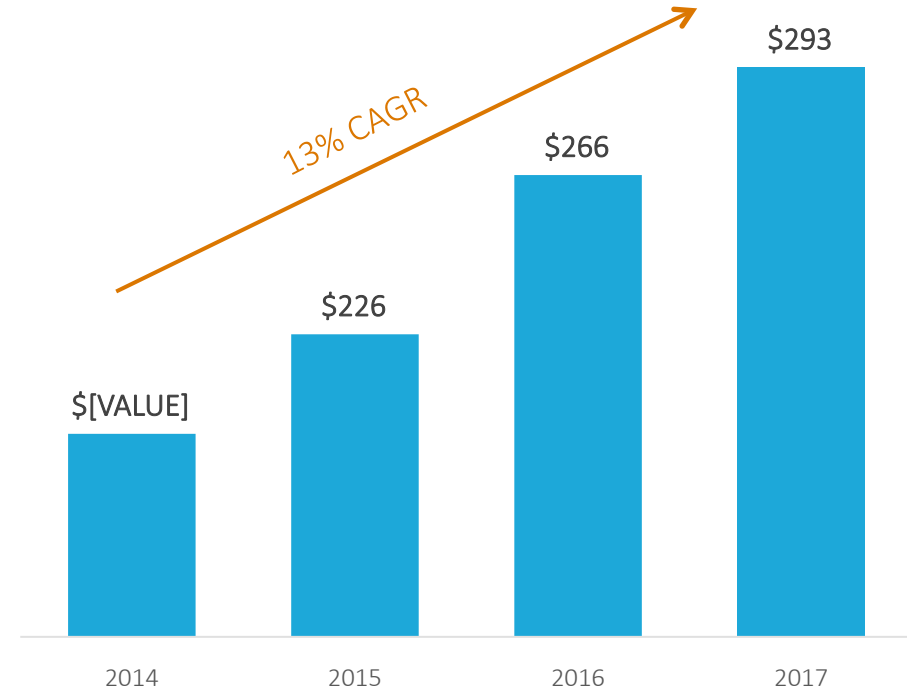
Production¹ (millions of MT per annum)




 **Greenfield projects**

 **Same-facility improvement (+18%)**

Revenue (C\$ millions)



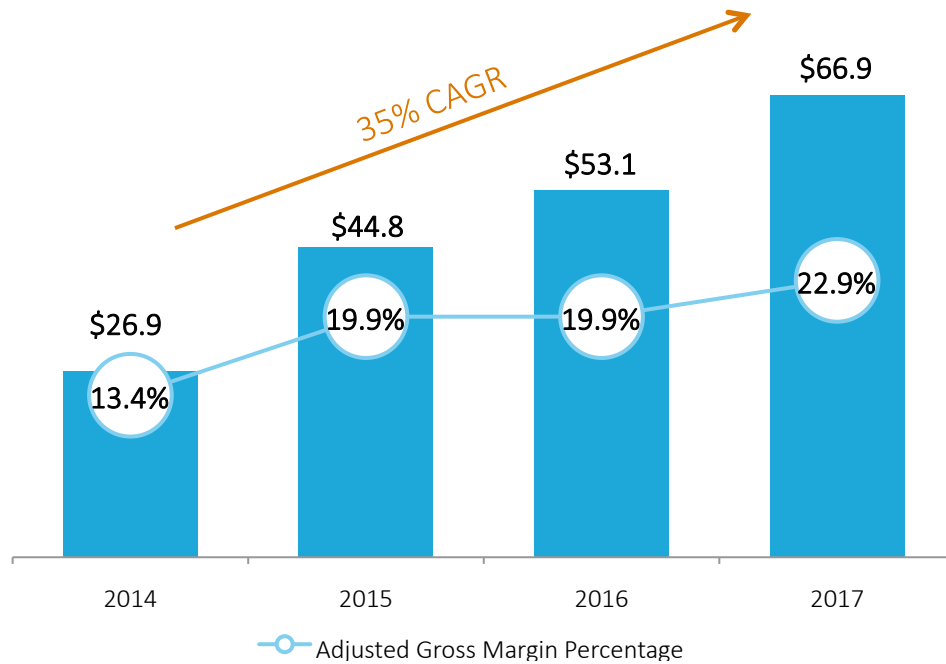
 **New customers**

 **Price escalation**

¹ Includes 100% of production from Houston facility.

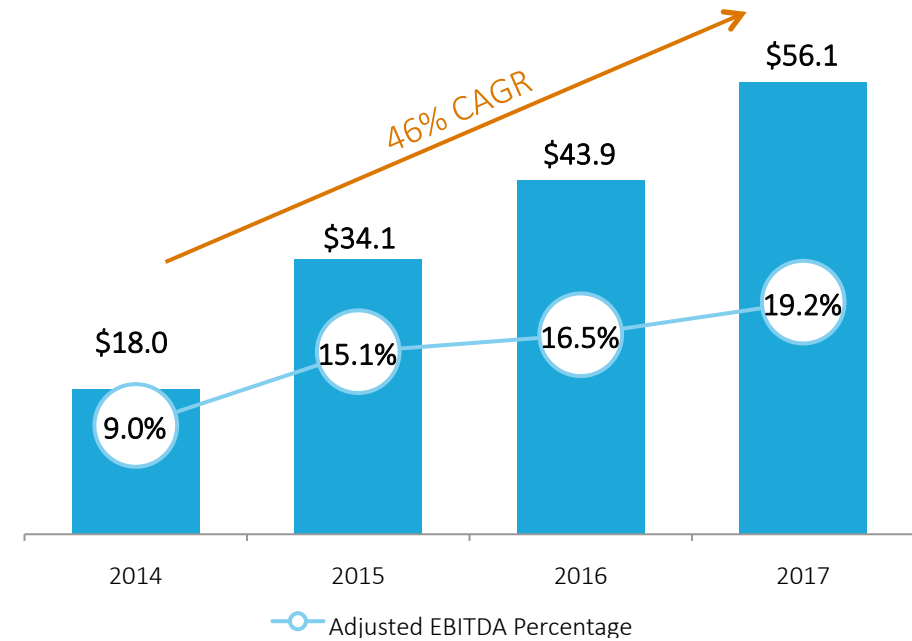
STRONG HISTORICAL FINANCIAL PERFORMANCE

Adjusted Gross Margin (C\$ millions)



Productivity improvements

Adjusted EBITDA (C\$ millions)



Cost optimization

- Changing the way we communicate – more meaningful
- We all want the same thing - *Everyone goes home safe every day*

Goal – *every employee is a Safety Champion*

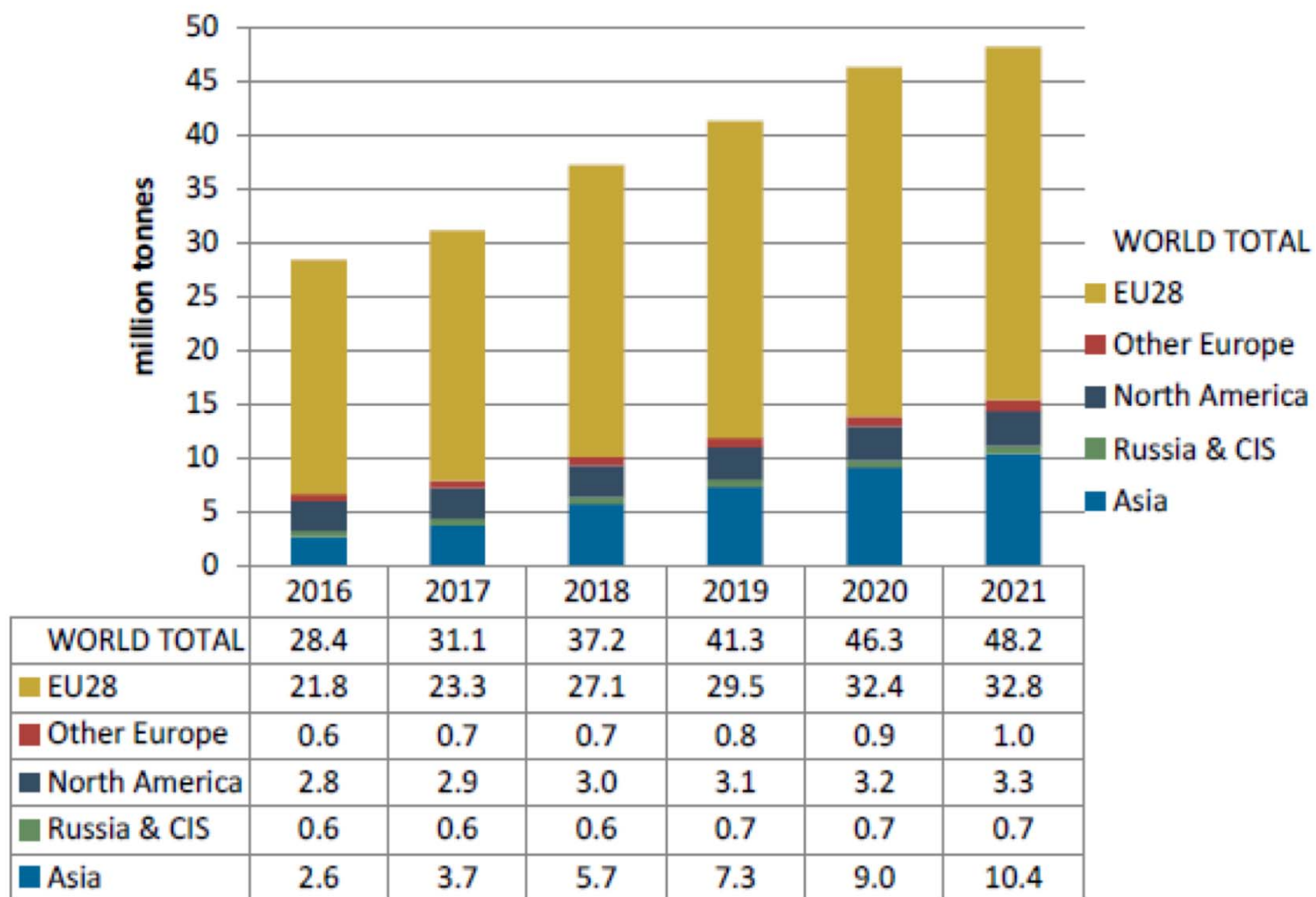
- Engage & empower, Listen and learn
- Grow communication and leadership skills
- Create boat rockers (rebels)

Results:

- Champions have created & implement key initiatives:
 - Ø Home hazard hunt; New worker orientation; On the floor leadership; Joint Committee effectiveness; Maintenance shut safety assistance



Global pellet demand forecast (heat & industrial) to 2021



Source: Hawkins Wright

Total global pellet demand (heat & industrial) 2016-2021

<i>million tonnes</i>	2016	2017	2018	2019	2020	2021
INDUSTRIAL PELLETS						
EU28	10.51	11.36	14.70	16.50	18.90	19.00
Other Europe	-	-	-	-	-	-
North America	0.10	0.10	0.10	0.10	0.10	0.10
Russia & CIS	-	-	-	-	-	-
Asia	2.25	3.32	5.30	6.85	8.60	9.90
Total	12.9	14.8	20.1	23.5	27.6	29.0
HEATING PELLETS						
EU28	11.33	11.91	12.42	12.96	13.54	13.83
Other Europe	0.59	0.66	0.75	0.84	0.93	1.00
North America	2.68	2.76	2.86	2.96	3.06	3.16
Russia & CIS	0.58	0.61	0.63	0.66	0.69	0.71
Asia	0.35	0.37	0.39	0.42	0.45	0.47
Total	15.5	16.3	17.1	17.8	18.7	19.2
INDUSTRIAL + HEATING	28.4	31.1	37.2	41.3	46.3	48.2

Source: Hawkins Wright



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Thank you