

Annual Meeting of Shareholders July 16th, 2020



Forward-Looking Financial Information

This presentation contains forward looking statements on the objectives, strategies, financial position, operating results and activities of Goodfellow Inc. These statements are forward looking to the extent that they are based on expectations relative to markets in which the Company exercises its activities and on various assessments and assumptions. Although we believe that the expectations reflected in the forward-looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. Our actual results could differ significantly from management's expectations if recognized or unrecognized risks and uncertainties affect our results or if our assessments or assumptions are inaccurate. These risks and uncertainties include, among other things; the effects of general economic and business conditions including the cyclical nature of our business; industry competition; inflation, credit, currency and interest rate risks; environmental risk; level of demand and financial performance of the manufacturing industry; competition from vendors; changes in customer demand; dependence on key personnel and major customers; impact of the COVID-19 pandemic and the related climate of uncertainty; laws and regulation; information systems, cost structure and working capital requirements; and other factors described in the management's discussion and analysis for the year ended November 30, 2019 and the management's discussion and analysis for the quarter ended May 31, 2020 available at www.sedar.com.

Non-IFRS Measures

This presentation includes non-IFRS measures such as cash flow per share and earnings before interest, taxes, depreciation and amortization ("EBITDA"). These financial measures are not defined under IFRS and are not likely to be comparable to similar measures presented by other issuers. Management considers it to be useful information to assist knowledgeable investors in evaluating the cash generating capabilities of the Company. The reconciliations between IFRS financial measures and non-IFRS financial measures are contained in our annual and quarterly reports for the financial periods discussed herein available at www.sedar.com.



Annual Meeting of Shareholders
July 16th, 2020

AGENDA



- Opening of the Meeting
- Chair, Secretary, Directors, Officers and Scrutineers
- Notice of Meeting
- Scrutineer's Report
- Minutes of Previous Meeting
- Financial Statements & Independent Auditor's Report
- Election of the Directors
- Appointment of Auditors
- Termination of the Meeting
- Management Presentations
- Question Period

MANAGEMENT



Patrick Goodfellow

Président & Chef de la direction | President & CEO

2019 - OBJECTIVES



- Agressive Plan to Restore Critical Volume Sales
- Investment in Core Value Added Asset (Timbersizer \$850K)
- Strong Focus on Gross Margin Gains & Price Discipline
- Operational Process Efficiencies Implemented
- Cost Control Measures & Right Sizing Initiative
- Return 1% Net of Sales

REVIEW 2019 RESULTS



CONSERVATIVE BY NATURE DIVERSIFIED TO SUCCEED

- Softening Canadian Demand Q4 (especially Ontario)
- Difficulties Overseas Arising Q3/Q4
- Manufacturing Demand Down Q3/Q4 Canada
- China Tariffs Playing Havoc Hardwood Demand
- US Signals of Protectionism
- Challenging Labour Shortage

NATIONAL DISTRIBUTION STRENGTH



FLAGSHIP PROJECTS 2019



PILLARS OF DIVERSIFICATION

- Custom Fabrication
- Engineering Services
- Value Added Wood Structures

GYMNASE ÉCOLE GÉRIN-LAJOIE CHÂTEAUGUAY, QC



GYMNASE ÉCOLE ST-SAMUEL-DE-HORTON, QC



ÉCOLE VAUQUELIN, LONGUEUIL, QC



DUCHESNAY CREEK BRIDGE NORTH BAY, ON



DAIRY BARNS FRAMEWORK INGERSOLL, ON



NUNAVUT HOUSING CORPORATION PARTNERSHIP



RIDEAU CANAL CROSSING BRIDGE

JONES FALLS, ON



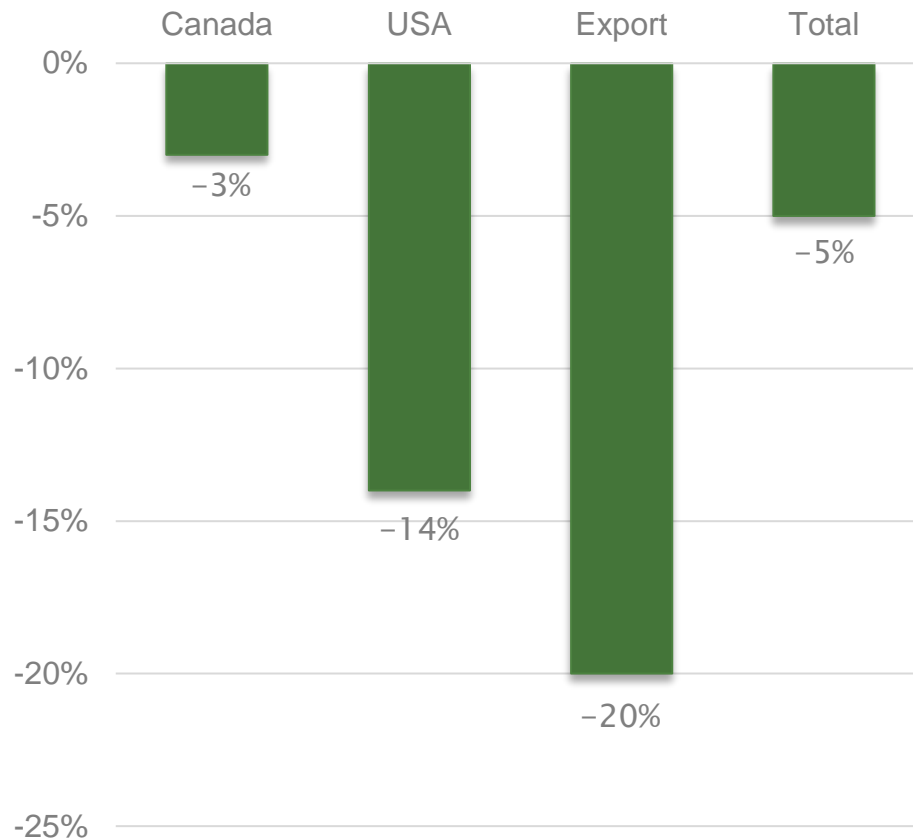
MANAGEMENT



Charles B. Brisebois, CPA, CMA

Chief Financial Officer | Chef des Finances

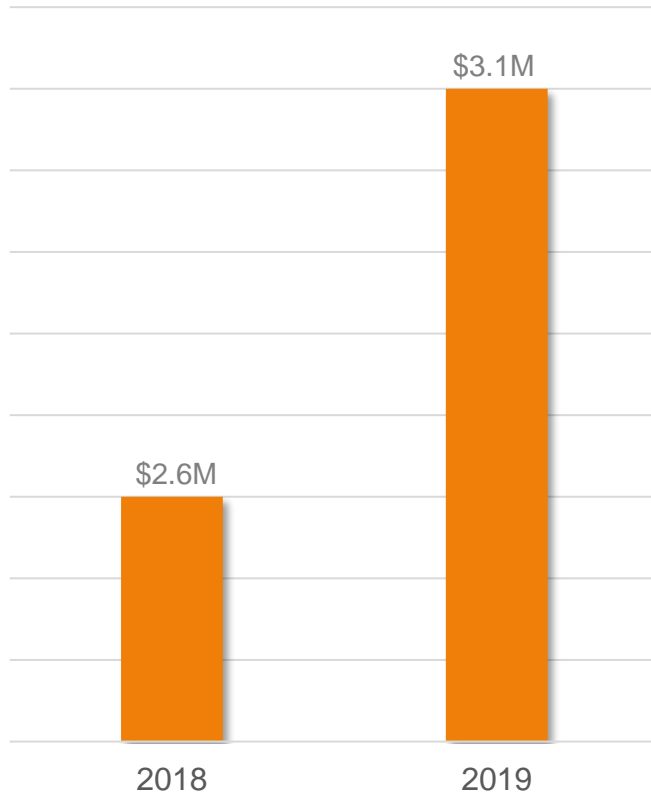
2019 - SALES



**OVERALL SALES
DECREASED 5.4%
(\$475M to \$450M)**

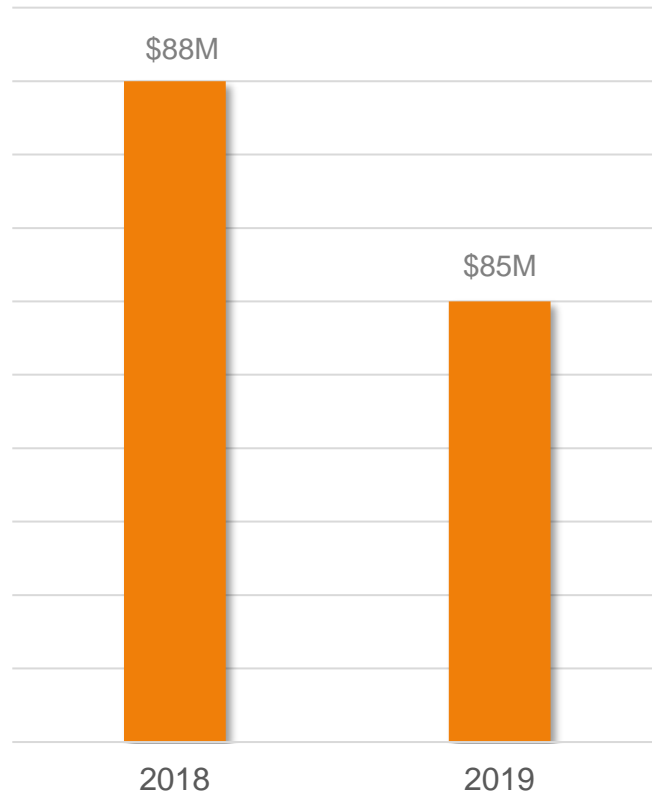
- QC ↓ 1% (Panels)
- ON ↓ 7% (Flooring, Panels & Hardwood)
- West ↑ 3% (Flooring)
- Atlantic Canada ↓ 4% (Siding & Lumber)
- Export/USA ↓ (Hardwood & Flooring)

2019 - NET PROFIT



- 2019 ↑ 19%
Modest Increase
- Net Return on Sales of 0.7% for 2019 and 0.5% for 2018

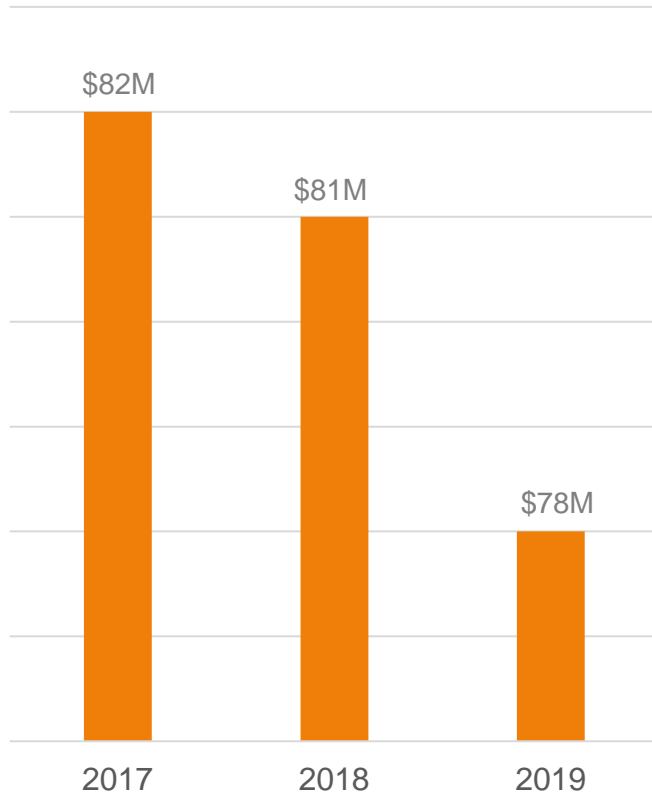
2019 - GROSS PROFIT



Overall Margin
Increased From
18.5% to 18.9%

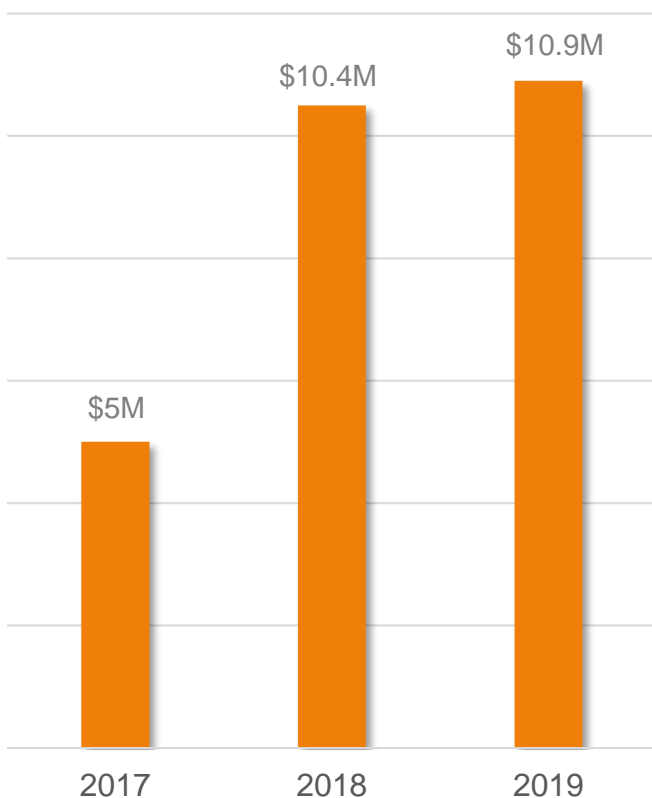
- Price Discipline
- Focus on Custom Job Lots
- Accurate Inventory Count

2019 - SG&A DECREASED



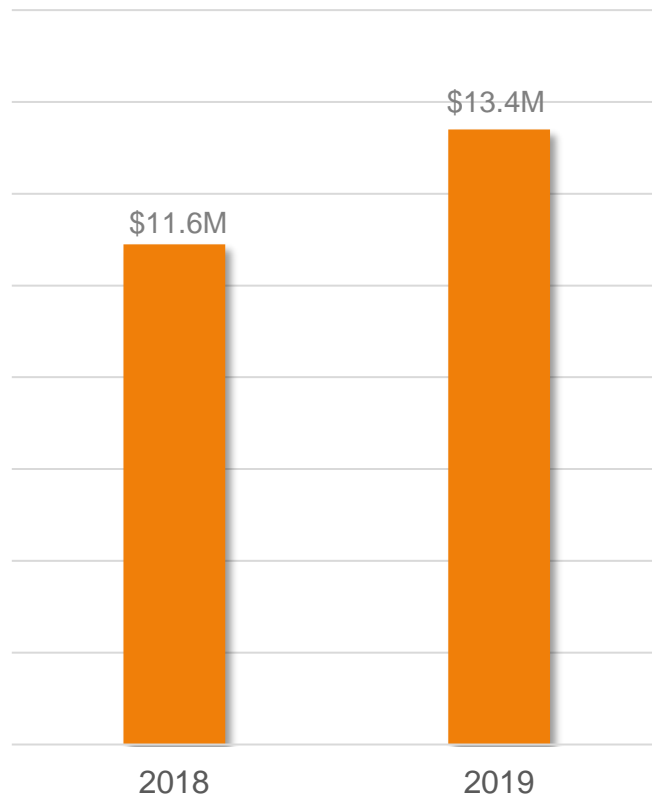
- Reduction in Office Staff
- IT Expenses ↓
- Bad Debt Provision ↓
- Flooring Samples Expense ↓

2019 - EBITDA INCREASED



- 3-year consecutive increase of the EBITDA

2019 - INCREASED CASH FLOWS FROM OPERATING ACTIVITIES



- Decreased Inventory Level
- Seasonal Purge Q4
- Decrease in Receivables (Efficient Collection)

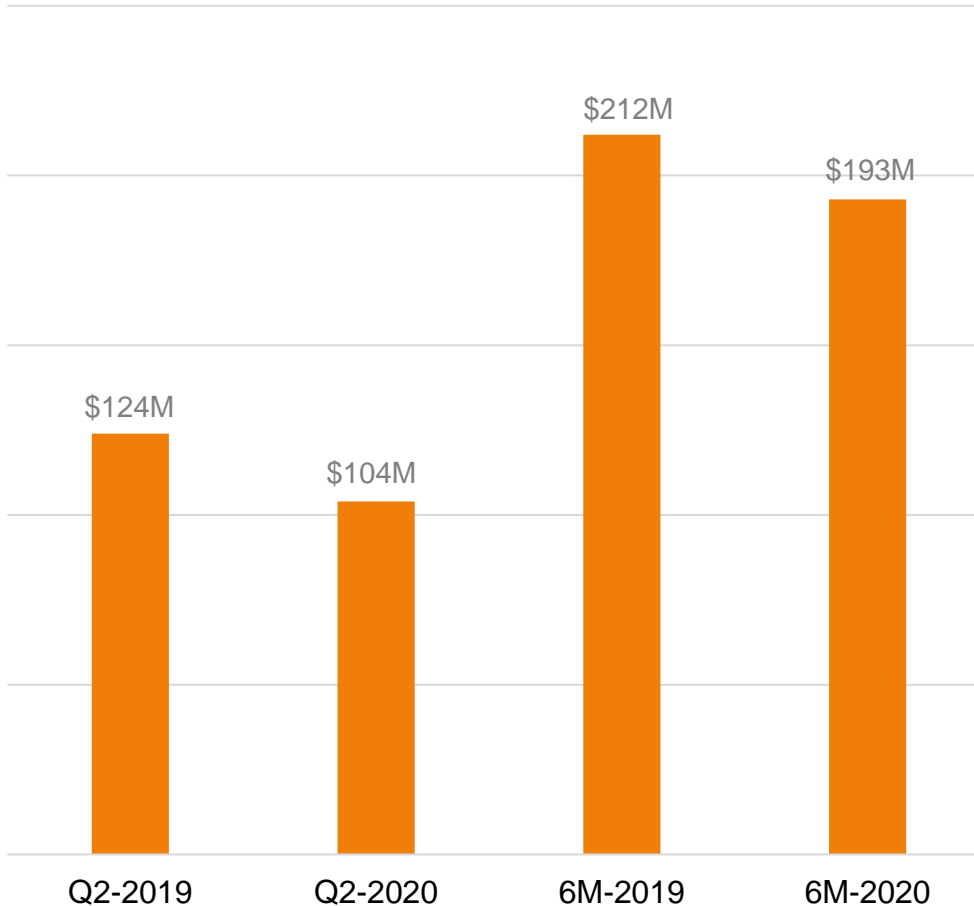
Q2-2020 FINANCIAL RESULTS



ADOPTION OF IFRS 16, LEASES (“IFRS 16”)

- On December 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach
- Comparatives for the 2019 reporting periods have not been restated as permitted
- The application of this new standard resulted in:
 - The addition of right-of-use assets and lease liabilities in the consolidated statements of financial position
 - Instead of lease expenses, right-of-use asset depreciation and financing costs will be recorded in the consolidated statements of comprehensive income
- Please refer to the impact of the new standard under Note 3, IFRS 16 – Leases in the notes to the interim consolidated financial statements of Q2-2020 and Q1-2020.

Q2-2020 SALES

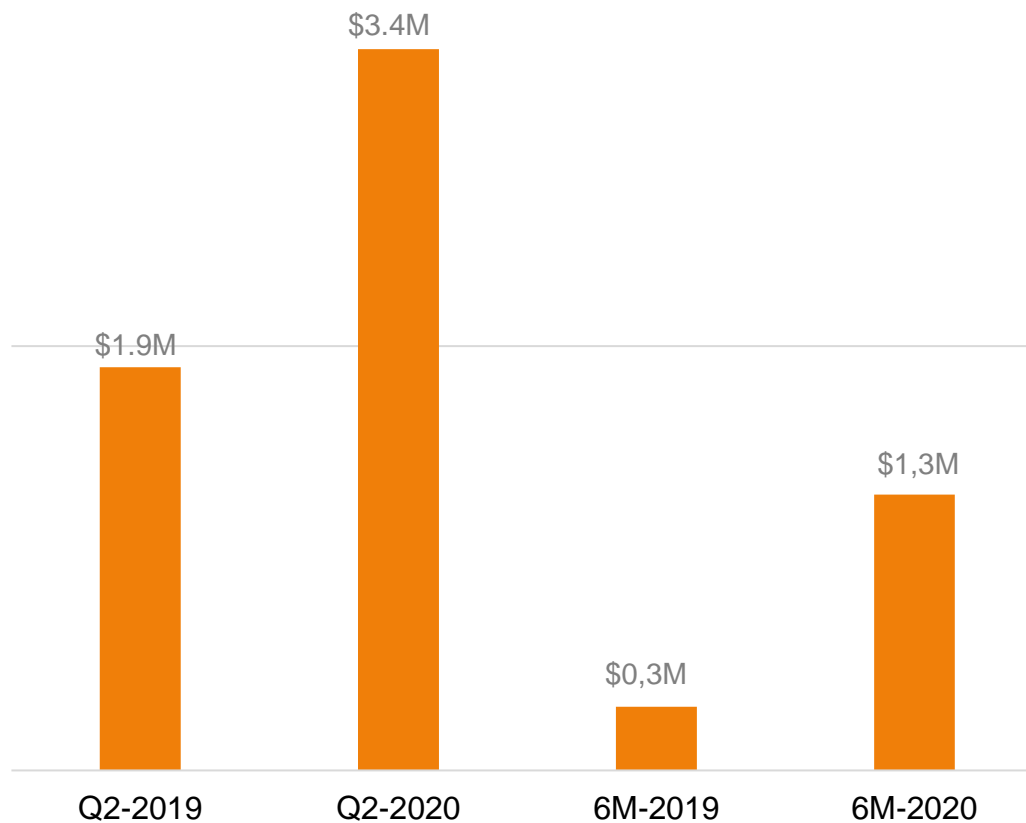


- Q2-2020 ↓ 16%
- 6M-2020 ↓ 9%

6 MONTHS

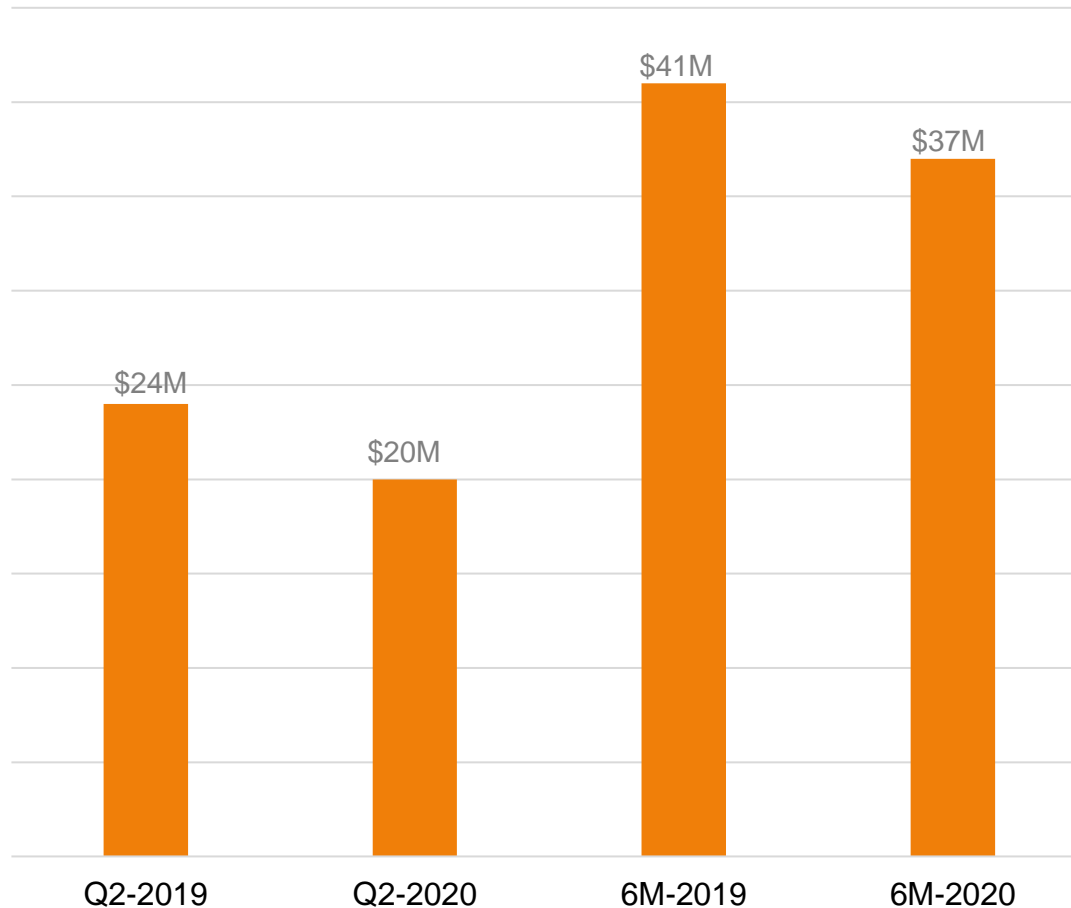
- QC ↓ 12% (Panels & Lumber)
- ON ↓ 7% (Flooring & Lumber)
- West ↓ 9% (Flooring, Panels & Building Materials)
- Atlantic Canada ↑ 1% (Panels & Building Materials)
- Export/USA ↓ 17% (Hardwood & Flooring)

Q2-2020 NET PROFIT



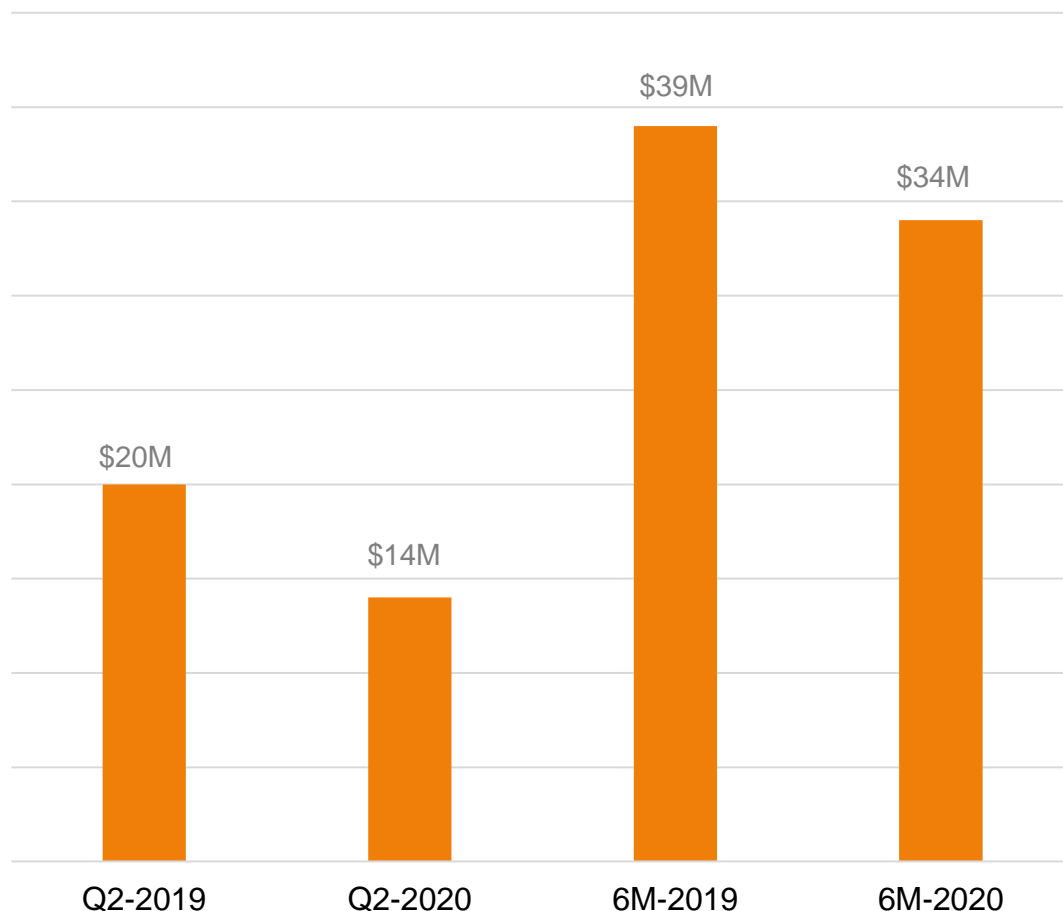
- Q2-2020 ↑ \$1.5M
- 6M-2020 ↑ \$1.0M

Q2-2020 GROSS PROFIT



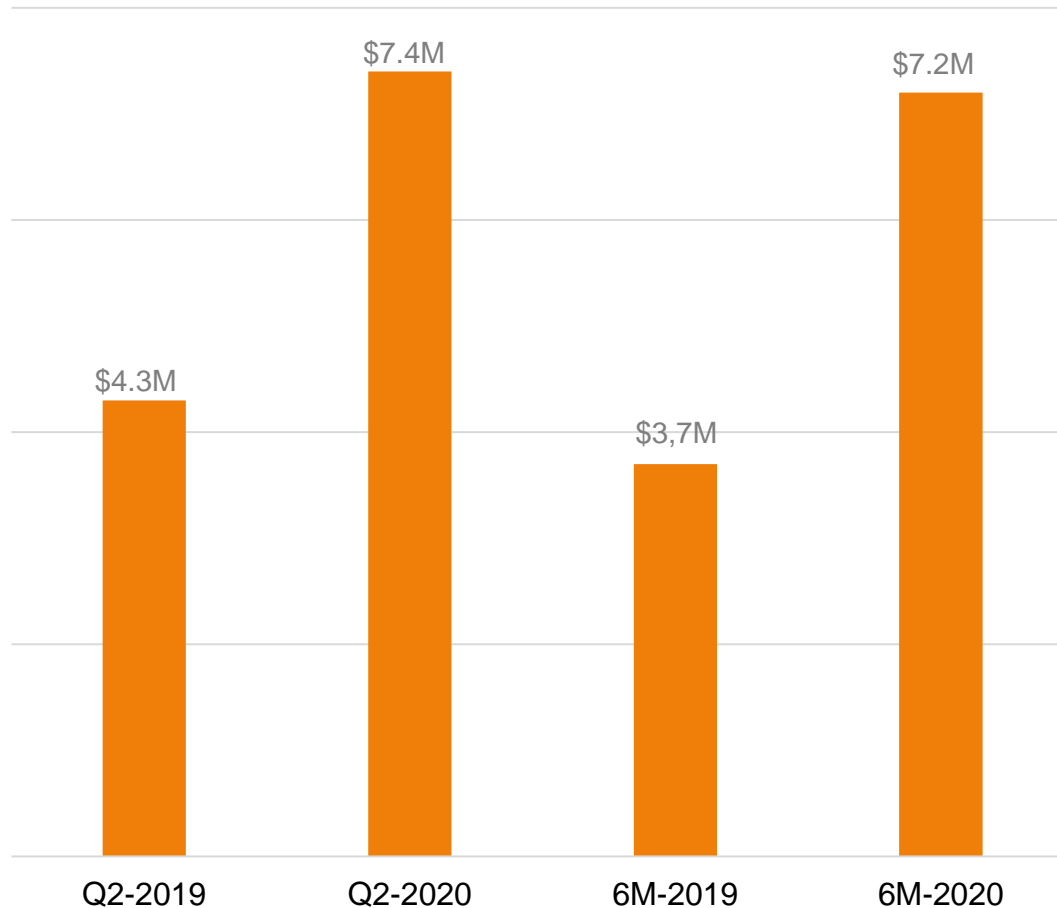
Margin Stability
First 6 Months
19,2%.
Same as 2019.

Q2-2020 SG&A DECREASED



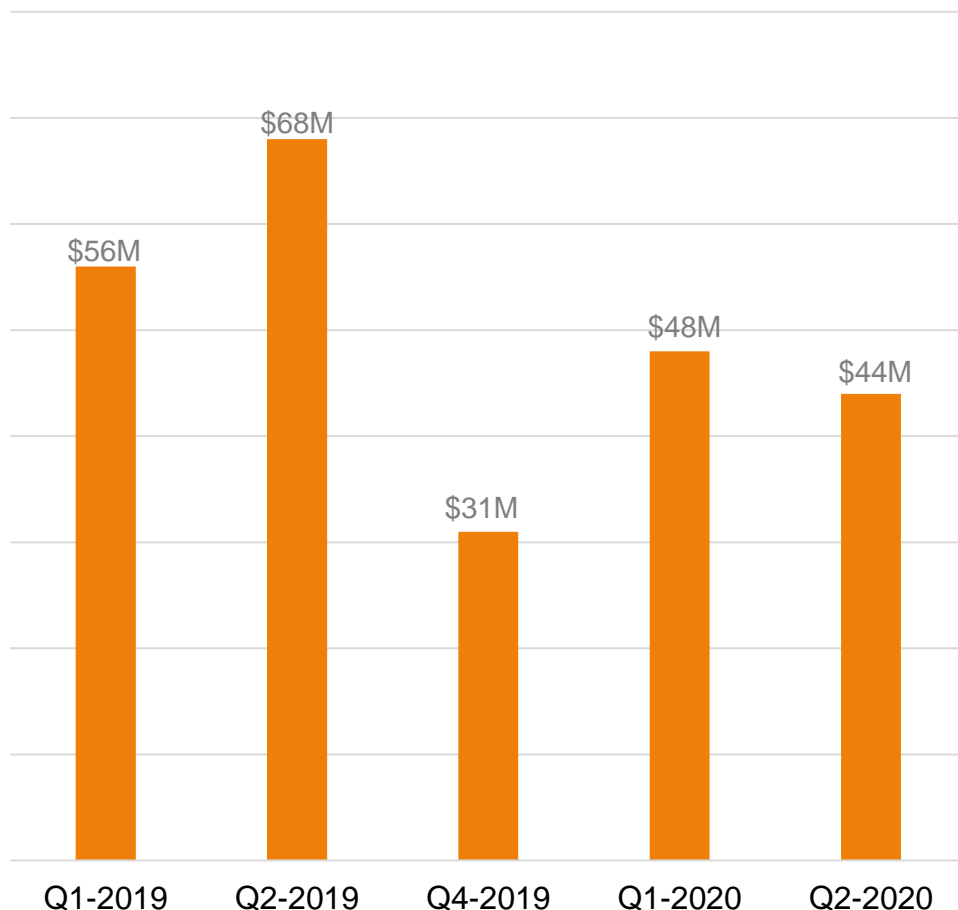
- Q2-2020 ↓ 31%
- 6M-2020 ↓ 13%
- Non Essential Travel ↓
- Furloughed up to 29% of Workforce
- CEWS \$2.5M

Q2-2020 EBITDA INCREASED



- Q2-2020 ↑ \$3.1M
- 6M-2020 ↑ \$3.5M

Q2-2020 FINANCIAL POSITION



- Debt-to-Capitalization Ratio ↓ from 37% to 27%
- \$46M in Financial Flexibility (May 31st, 2020)

MANAGEMENT



Patrick Goodfellow

Président & Chef de la direction | President & CEO

2020 OUTLOOK STRATEGY



- Increase Inventory Turnover All Product Categories
- Raise Margins Through Price Discipline
- Identify Acquisition Opportunities to Strengthen Distribution Presence in Western Canada
- Invest in Operational Upgrades Glulam Fabrication
- Successful Launch of Several Complementary Lines in Flooring & Building Materials
- Surpass 1%+ Net Return on Sales

PROACTIVELY MANAGING COVID-19



- Decisive Action Mid March Lockdown
- Implemented Rigorous Hygiene Practices and Physical Distancing Policies Throughout Organization
- Essential Service Status Strongly Justified During Pandemic
- Staff Body Temperatures Monitored Daily
- Quarantine Measures Adopted to Protect Employees