



CONIFEX TIMBER INC.

NEWS RELEASE: via MARKETWIRE

FOR IMMEDIATE RELEASE

Conifex Announces Third Quarter 2019 Results

November 15, 2019, Vancouver, B.C. - Conifex Timber Inc. (“Conifex”, “we” or “us”) (TSX: CFF) today reported results for the third quarter ended September 30, 2019. Adjusted EBITDA from continuing operations* was negative \$9.2 million for the quarter, which represented an improvement of \$4.0 million over the second quarter of 2019, primarily attributable to increased operating earnings. A decrease in EBITDA from continuing operations** of \$12.8 million compared to the previous quarter was primarily attributable to a quarter-over-quarter negative variance on our gain from the sale of duty refunds. Compared to the second quarter of 2019, adjusted EBITDA for the lumber segment increased by \$2.9 million, for the bioenergy segment increased by \$1.2 million and for corporate and other unallocated items declined by \$0.1 million. Lumber segment adjusted EBITDA included softwood lumber duties expense of \$1.3 million in the third quarter of 2019, \$2.5 million in the second quarter of 2019 and \$6.3 million in the third quarter of 2018.

“While we are encouraged by the \$4.0 million improvement in Adjusted EBITDA we recorded over the second quarter of 2019, we anticipate greater sequential improvement in the current quarter primarily due to cost elimination at our Fort St. James mill and cost reduction at our El Dorado mill”, said Ken Shields, Chairman and CEO. Mr. Shields added: “We made considerable progress reducing our borrowings through the first nine months of 2019, and have a number of initiatives underway designed to generate cash and further improve our balance sheet. ”

Selected Financial Highlights

The following table summarizes our selected financial information for the comparative periods. Unless otherwise noted, financial information reflects results of continuing operations. Discontinued operations comprise the previously announced sale of Lignum Forest Products LLP in March 2019.

	<u>Q3</u> <u>2019</u>	<u>Q2</u> <u>2019</u>	<u>Q3</u> <u>2018</u>	<u>YTD</u> <u>2019</u>	<u>YTD</u> <u>2018</u>
	(millions of dollars except share and per share amounts and as otherwise noted)				
Financial Highlights					
Sales – lumber segment	\$ 60.1	\$ 91.3	\$ 151.0	\$ 276.9	\$ 370.4
Sales – bioenergy segment	5.1	4.4	6.2	17.8	18.8
	<u>\$ 65.2</u>	<u>\$ 95.7</u>	<u>\$ 157.2</u>	<u>\$ 294.7</u>	<u>\$ 389.2</u>
Adjusted EBITDA from continuing operations*	\$ (9.2)	\$ (13.2)	\$ 17.8	\$ (25.1)	\$ 45.2
Operating earnings (loss).....	\$ (15.0)	\$ (20.5)	\$ 11.1	\$ (47.9)	\$ 32.1
Net income (loss) from continuing operations	\$ (16.7)	\$ (8.3)	\$ 6.0	\$ (37.1)	\$ 15.3
Net income (loss) from discontinued operations.....	\$ 0.1	\$ (0.8)	\$ (1.7)	\$ (0.5)	\$ 0.7
Net income (loss).....	\$ (16.6)	\$ (9.1)	\$ 4.3	\$ (37.6)	\$ 16.0
Basic and diluted earnings (loss) per share...					
Continuing operations.....	\$ (0.35)	\$ (0.18)	\$ 0.13	\$ (0.80)	\$ 0.33
Discontinued operations	\$ -	\$ (0.1)	\$ (0.04)	\$ 0.01	\$ 0.01
Total basic and diluted earnings (loss) per share	\$ (0.35)	\$ (0.19)	\$ 0.09	\$ (0.81)	\$ 0.34
Shares outstanding – weighted average (millions)	46.9	46.6	45.3	46.6	46.6
Operating Highlights					
Lumber production (MMfbm).....	94.4	134.7	186.6	407.2	467.6

Lumber shipments – Conifex produced (MMfbm).....	105.0	149.2	187.5	438.2	457.9
Lumber shipments – wholesale (MMfbm).....	0.3	5.4	15.5	22.3	38.0
Electricity production (GWh)	53.1	47.2	54.7	155.9	156.7
Average exchange rate – US\$/Cdn\$(¹).....	0.757	0.748	0.765	0.752	0.777
Average WSPF 2x4 #2&Btr lumber price (US\$)(²)	\$ 356	\$ 333	\$ 482	\$ 354	\$ 531
Average SYP 2x4 #2 lumber price (US\$)(²)	\$ 376	\$ 371	\$ 469	\$ 383	\$ 528

Reconciliation of adjusted EBITDA to Net Income (Loss)

Net income (loss) from continuing operations	\$ (16.7)	\$ (8.3)	\$ 6.0	\$ (37.1)	\$ 15.3
Add: Finance costs	\$ 7.1	\$ 7.4	\$ 6.3	\$ 20.7	\$ 10.2
Amortization.....	\$ 6.1	\$ 7.4	\$ 7.0	\$ 22.7	\$ 17.0
Deferred income tax expense	\$ (5.5)	\$ (2.7)	\$ 1.0	\$ (9.7)	\$ 5.2
EBITDA from continuing operations(³)	\$ (9.0)	\$ 3.8	\$ 20.3	\$ (3.4)	\$ 47.7
Add: Foreign exchange (gain) loss on long-term debt.....	\$ 2.4	\$ (4.4)	\$ (2.5)	\$ (6.5)	\$ (2.5)
Gain on sale of right to duty refunds	\$ (2.6)	\$ (12.6)	\$ -	\$ (15.2)	\$ -
Adjusted EBITDA from continuing operations	\$ (9.2)	\$ (13.2)	\$ 17.8	\$ (25.1)	\$ 45.2

Notes:

(1) Source: Bank of Canada, www.bankofcanada.ca.

(2) Source: Random Lengths Publications Inc.

(3) **The Company's EBITDA calculation represents earnings before finance costs, taxes, depreciation and amortization.

*Adjusted EBITDA is calculated to exclude unusual items or items that are not ongoing and do not reflect ongoing operations of Conifex. Conifex's adjusted EBITDA excludes foreign exchange gains or losses on long-term debt and a gain on the sale of our interest in duty refunds related to entries of softwood lumber shipments from 2017 to the second quarter of 2019 of \$15.2 million. Conifex discloses EBITDA and adjusted EBITDA as they are measures used by analysts and by Conifex's management to evaluate Conifex's performance. As EBITDA and adjusted EBITDA are non-GAAP measures, they may not be comparable to EBITDA and adjusted EBITDA calculated by others and are not a substitute for net earnings or cash flows.

Consolidated Net Earnings

During the third quarter of 2019, we incurred a net loss of \$16.6 million, or \$0.35 per share, compared to a net loss of \$9.1 million or \$0.19 per share in the previous quarter and net income of \$4.3 million or \$0.09 per share in the third quarter of 2018.

Continuing Operations

Our revenues totaled \$65.2 million in the third quarter of 2019, a decline of 32% from the prior quarter and 59% from the same quarter last year. The lower revenues were largely attributable to the lumber segment which recorded reduced shipments reflecting lower operating rates at our BC and Arkansas mills and a decline in sales realizations, particularly compared to the third quarter of 2018. The fluctuation in bioenergy segment revenues were mainly due to planned downtime in the previous quarter, seasonality in rates and variability in plant dispatch periods in the comparative quarters.

We recorded operating losses of \$15.0 million in the lumber segment in the third quarter of 2019, \$19.1 million in the previous quarter and operating earnings of \$10.3 million in the third quarter of 2018. Lumber segment operating results included CV and AD duties expense of \$1.3 million in the third quarter of 2019, \$2.5 million in the second quarter of 2019 and \$6.3 million in the third quarter of 2018. Bioenergy segment operating earnings declined by 13% year-over-year and contributed operating earnings of \$5.4 million in the first nine months of 2019 and \$6.2 million in the same period of last year. Corporate costs of \$1.8 million in the third quarter of 2019 reflected reductions of 9% from the prior quarter and 12% from the same quarter last year.

Net income from continuing operations included a foreign exchange loss on long-term debt of \$2.4 million in the third quarter of 2019 and gains of \$4.4 million in the previous quarter and \$2.5 million in the third quarter of 2018. Finance costs were \$7.1 million in the third quarter of 2019, \$7.4 million in the previous quarter and \$6.3 million in the third quarter of 2018. We recorded gains on the sale of duty refunds of \$2.6 million in the third quarter of 2019 and \$12.6 million in the prior quarter as other income. Corporate and other unallocated items included \$2.1 million related to acquisition costs in the third quarter of 2018.

Lumber Segment – Continuing Operations

Operating Rates at our Mills

Our lumber segment operating results were hampered by lower operating rates which resulted in higher unit cash conversion costs at our FSJ Mill and our El Dorado and Glenwood, Arkansas mills in the first nine months of 2019 and our Mackenzie, BC mill (the “Mackenzie Mill”) in the second and third quarters of 2019.

In response to market conditions characterized by lower lumber prices, continued imposition of softwood lumber duties, and elevated log costs in the northern interior of BC, we implemented a temporary change in operating format at our FSJ Mill in January 2019 which reduced investment in working capital and overall operating costs. Additionally, similar to a number of other BC interior lumber producers, we undertook temporary production curtailments at our BC mills. Production at the FSJ Mill was curtailed for a three-week period in February 2019 and was largely curtailed since May 2019. Production at the Mackenzie Mill was curtailed for four weeks in May 2019, resumed in early June on a modified four-day, two-shift configuration and was further curtailed for a five-week period in the third quarter of 2019.

Our US mills produced Southern Yellow Pine (“SYP”) lumber at an annualized run rate of approximately 274 million board feet in the third quarter of 2019, 348 million board feet in the prior quarter and 330 million board feet in the third quarter of 2018. Production levels in the first nine months of 2019, on an annualized basis, represented approximately 74% of targeted levels for 2019 and 63% of two-shift dimension lumber production capacity of 550 million board feet.

The El Dorado and Glenwood mills were converted to single-shift operating configurations in June 2019. Operating hours were extended at the Glenwood mill midway through the third quarter of 2019. The change in operating format at our Glenwood mill has resulted in increased hourly productivity and reductions in log costs, overall operating costs and investment in working capital. Our Cross City mill continues to contribute positively to operating results although third quarter sales realizations were hampered by unusually low prices for SYP decking products.

Management determined that our El Dorado mill requires further capital expenditures to operate competitively in a prolonged low lumber price environment. Accordingly, an indefinite production curtailment at the site was phased in over a 60-day period commencing in August 2019. The El Dorado mill was indefinitely curtailed in October 2019, subsequent to quarter end.

Lumber Segment Operating Results

Prices for the bell-weather WSPF #2 & Btr product, which averaged US\$356 during the third quarter of 2019, improved by 7% compared to the previous quarter and declined by 26% from the third quarter of 2018.¹ Benchmark prices for SYP Westside averaged US\$376 during the third quarter of 2019 and reflected a modest improvement from the prior quarter and a decline of 20% from the third quarter of 2018.²

The US dollar averaged US\$0.757 for each Canadian dollar during the third quarter of 2019, a level which represented a modest strengthening of the Canadian dollar over the previous quarter and slight weakening compared to the same quarter last year.³ Canadian dollar-denominated benchmark WSPF prices, which averaged \$471 in the third quarter of 2019, improved by 6% or \$26 over the previous quarter and declined 25% or \$159 from the third quarter of 2018.

Shipments of Conifex produced lumber totaled 105 million board feet in the third quarter of 2019. Lumber shipments outpaced production by 11% in the current and previous quarters as shipments were

¹ Source: Random Lengths Publications Inc.

² Source: Random Lengths Publications Inc.

³ Source: Bank of Canada, www.bankofcanada.ca.

continued during periods of production curtailments. Shipments of Conifex produced lumber declined by 30% from the previous quarter and by 44% from the third quarter of 2018.

Revenues from Conifex produced lumber were \$48.1 million in the third quarter of 2019 and represented declines of 35% from the previous quarter and 59% from the third quarter of 2018. Compared to the prior quarter, lower revenues were mainly attributable to reductions in shipment volumes of Conifex produced lumber of 30% and in unit sales realizations of 7%. Compared to the third quarter of 2018, the lower revenues were primarily due to decreases in shipment volumes of 44% and in unit sales realization of 27%.

We recorded modest wholesale lumber revenues and shipments in the third quarter of 2019 as wholesale lumber activity was largely suspended during the last two quarters. We also ceased provision of third party logistics services in October 2019, subsequent to quarter end. The main effect of these initiatives has been a reduction of working capital required to yield optimal operating results in these non-core business units. We do not anticipate any material impact on future overall operating results from this change.

Unit log costs increased by 13% over the previous quarter and 23% over the same quarter last year at our BC mills. The higher log costs were mainly attributable to higher market based stumpage and purchased log costs. Unit log costs at our El Dorado and Cross City mills were generally consistent with the comparative quarters. Unit log costs at our Glenwood mill improved by 6% due to a reduction in volumes purchased and the easing of wet weather conditions which constrained log supply and temporarily elevated log costs in the previous quarter.

We recorded positive inventory valuation adjustment of \$0.5 million in the third quarter of 2019 compared to inventory write-downs of \$0.5 million in the second quarter of 2019 and \$1.8 million in the third quarter of 2018.

We expensed countervailing and anti-dumping duty deposits of \$1.3 million in the third quarter of 2019, \$2.5 million in the previous quarter and \$6.3 million in the third quarter of 2018. The duty deposits were based on a combined rate of 20.23%.

We recorded a nominal gain on lumber derivative instruments in the third quarter of 2019 and loss of \$0.2 million in the prior quarter and gain of \$2.1 million in the third quarter of 2018.

The lumber segment recorded operating losses of \$15.0 million in the third quarter of 2019 and \$19.1 million in the previous quarter and operating income of \$10.3 million in the third quarter of 2018. Compared to the previous quarter, lumber segment operating results were hampered by lower shipment volumes, operating rates and residuals revenues, and to a lesser extent, lower sales realizations and higher unit cash conversion costs. Compared to the third quarter of 2018, lumber segment operating results were challenged by significantly weaker lumber prices resulting in lower sales realizations, reduced shipment volumes, operating rates and residuals revenues, higher unit log and cash conversion costs and unfavorable variance in gains on lumber derivative contracts. These factors were partially offset by a lower duty deposit expense and a positive variance in inventory valuation adjustments.

Lumber segment adjusted EBITDA was negative \$9.9 million in the third quarter of 2019 compared to negative \$12.8 million in the previous quarter and positive \$18.8 million in the third quarter of 2018. Lumber segment EBITDA was negative \$28.8 million for the nine months ended September 30, 2019 and positive \$43.5 million for the nine months ended September 30, 2018.

Bioenergy Segment

Bioenergy segment EBITDA was \$8.9 million for the first nine months of 2019 and \$9.5 million for the same period last year.

Our Mackenzie Power Plant sold 53.1 gigawatt hours of electricity under our Electricity Purchase Agreement ("EPA") with BC Hydro and Power Authority ("BC Hydro") in the third quarter of 2019, representing approximately 97% of targeted operating rates. Higher billable gigawatt hours in the third quarter of 2019 led to an increase in electricity revenues of 16% over the prior quarter when the

Mackenzie Power Plant took planned major maintenance shutdown days. Electricity revenues decreased by 18% compared to the same quarter last year due primarily to seasonal variations in spring freshet pricing. Cash operating costs improved by 17% from the previous quarter and 11% from the third quarter of 2018.

Liquidity

Significantly weaker lumber prices over about the last four quarters, the continued imposition of duty deposits on US shipments and rapidly escalating log costs at our BC mills (with resultant production curtailments and higher operating costs) have materially adversely affected our operating cash flow. This, along with increased debt levels to fund our strategic expansion in the US South, have constrained our liquidity in 2019.

We have worked collaboratively with our senior lenders and completed amendments in the third quarter of 2019 and subsequent thereto that, among other things, provided additional liquidity and waived certain covenants and milestones. Subsequent to the quarter end, we completed the sale of the FSJ Mill for net proceeds of approximately \$38.6 million, of which approximately \$17 million was used to repay senior bank indebtedness. Pursuant to the terms of our amended Credit Facility, we are continuing to work collaboratively with our senior lenders to complete an acceptable divestiture and restructuring plan on or before November 25, 2019. Such a plan will likely include further asset divestitures to reduce indebtedness and provide liquidity. While we currently expect to settle an acceptable plan with our lenders, there can be no assurance of the same. If we are unable to do so, unless the period is extended or the matter waived by our lenders, the same would result in an event of default under our Credit Facility and our being required to seek relief under applicable debtor relief laws. We were in compliance with our debt covenants under the Credit Facility for the period ended September 30, 2019.

At September 30, 2019, we had total liquidity of \$8.0 million, compared to \$17.8 million at December 31, 2018 and \$39.0 million at September 30, 2018. Liquidity at September 30, 2019 was comprised of unrestricted cash of \$2.4 million and unused availability under our revolving Credit Facility of \$5.6 million. Subsequent to quarter end, liquidity was enhanced from a portion of the net proceeds from the sale of the FSJ Mill.

We are implementing other options to help increase liquidity and meet scheduled commitments. This includes minimizing discretionary capital expenditures, managing controllable expenses and optimizing working capital levels.

We completed the sale of Lignum on April 1, 2019 and utilized the proceeds of approximately US\$11.5 million to partially repay a portion of the revolving Credit Facility. In addition, we suspended wholesale lumber activity in the third quarter of 2019 and provision of third party logistics services subsequent to quarter end. These initiatives have reduced working capital requirements without imposing any expected material impact on our future operating results.

Liquidity was further enhanced in the third quarter of 2019 with increased availability under our Credit Facility, the receipt of proceeds from the sale of duty refunds and the release of \$6.4 million of cash that was previously restricted.

Outlook

We expect the reduction in lumber shipments to follow from the recent announcements of production curtailments from a number of BC lumber producers, coupled with more normal demand will result in better balanced lumber markets and higher prices. Provided housing and lumber demand remain relatively stable, we expect lumber prices to gradually increase through the remainder of this year and 2020, and for pricing to stabilize in the mid-term at levels that are reasonably high by historic standards. We continue to believe the factors that shape the mid-term demand for lumber are solid.

We expect a quarter-over-quarter increase in lumber production of approximately 10% in the fourth quarter of 2019, assuming continuation of the present operating configurations at our Cross City, Glenwood and Mackenzie mills. We expect lumber segment costs to improve commencing in November 2019 due to the elimination of costs related to our FSJ Mill and reduction in costs related to our El Dorado

mill. Accordingly, we anticipate a solid improvement in lumber segment EBITDA in the fourth quarter of 2019 as a result of increased production, reduction in costs and a modest improvement in sales price realizations. We also expect a seasonally stronger EBITDA contribution from our bioenergy segment in the closing quarter of 2019.

We have made considerable progress reducing our borrowings under the Credit Facility and improving our lumber segment competitiveness. We continue to work collaboratively with our senior lenders and intend to effect an acceptable divestiture and restructuring plan. We expect that such plan will forecast that cash flow from operations, available cash and the expected net proceeds of assets dispositions, together with available borrowings under our revolving Credit Facility, will be adequate to meet our obligations through the next 12 months.

Conference Call

We have scheduled a conference call on Friday, November 15, 2019 at 7:00 AM Pacific time/10:00 AM Eastern time to discuss the third quarter financial and operating results. To participate in the call, please dial 416-340-2219 or toll free 800-478-9326. The call will also be available on instant replay access until December 16, 2019 by dialling 905-694-9451 or 800-408-3053 and entering participant pass code 7915218#.

The Company's management's discussion and analysis and financial statements for the quarter ended September 30, 2019 are available under the Company's profile on SEDAR at www.sedar.com.

For further information, please contact:

Investor Contact:
Yuri Lewis
Chief Financial Officer
(778) 331-8687

Media Contact:
Sandy Ferguson
VP Corporate Affairs and Business Development
(778) 385-2750

About Conifex Timber Inc.

Conifex and its subsidiaries' primary business currently includes timber harvesting, reforestation, forest management, sawmilling logs into lumber and wood chips, and value added lumber finishing and distribution. Conifex's lumber products are sold in the United States, Chinese, Canadian and Japanese markets. Conifex has expanded its operations to include bioenergy production following the commencement of commercial operations of its power generation facility at Mackenzie, British Columbia.

Forward-Looking Statements

Certain statements in this news release may constitute "forward-looking statements". Forward-looking statements are statements that address or discuss activities, events or developments that the Company expects or anticipates may occur in the future. When used in this news release, words such as "estimates", "expects", "plans", "anticipates", "projects", "will", "believes", "intends" "should", "could", "may" and other similar terminology are intended to identify such forward-looking statements. Forward-looking statements reflect the current expectations and beliefs of the Company's management. Because forward-looking statements involve known and unknown risks, uncertainties and other factors, actual results, performance or achievements of the Company or industry may be materially different from those implied by such forward-looking statements. Examples of such forward-looking information that may be contained in this news release include statements regarding: growth and future prospects of our business; our perceptions of the industry and markets in which we operate and anticipated trends in such markets and in the countries in which we do business; expected adjustments to sawtimber harvest levels; planned capital expenditures and benefits that may accrue to the Company as a result of capital expenditure programs; U.S. benchmark lumber prices; operating rates; operating capacity changes and curtailments; unit cash conversion costs; and the Company's net debt to capitalization ratio. Assumptions underlying the Company's expectations regarding forward-looking information contained in this news release include, among others: that the Company will be able to effectively market its products; that the U.S. housing market will continue to improve; that there will be no disruptions affecting the operations of the Mackenzie Power Plant and that the Company will be able to achieve timely delivery of power therefrom; the presentation and implementation of an acceptable asset divestiture and restructuring plan; that softwood lumber will experience sustained demand in the marketplace; the general stability of the economic, political and regulatory environments within the countries where the Company conducts operations; that interest and foreign exchange rates will not vary materially from current levels; that the equipment at our mills and power generation facility will operate at expected levels; and that management will effectively execute the Company's strategy to grow and add value to its business. Forward-looking statements involve significant uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, without limitation: those relating to potential disruptions to production and delivery, including as a result of equipment failures, labour issues, the complex integration of processes and

equipment and other factors; labour relations; failure to meet regulatory requirements; changes in the market; potential downturns in economic conditions; fluctuations in the price and supply of required materials, including log costs; fluctuations in the market price for products sold; foreign exchange fluctuations; trade restrictions or import duties imposed by foreign governments; availability of financing (as necessary); shipping or logging disruptions; and other risk factors described in the Company's 2018 annual information form, available on SEDAR at www.sedar.com. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should exercise caution in relying upon forward-looking statements and the Company undertakes no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by law.

Reconciliation of Operating Income to Adjusted EBITDA – Continuing Operations

	<u>Q3</u> <u>2019</u>	<u>Q2</u> <u>2019</u>	<u>Q3</u> <u>2018</u>	<u>YTD</u> <u>2019</u>	<u>YTD</u> <u>2018</u>
Lumber Segment					
(millions of dollars, unaudited)					
Sales – Lumber – Conifex produced	48.1	73.6	118.3	218.2	294.5
– Lumber – wholesale	0.2	3.6	12.8	15.6	28.0
– By-products.....	7.7	10.7	14.8	32.4	32.3
– Logistics services.....	<u>4.1</u>	<u>3.4</u>	<u>5.1</u>	<u>10.7</u>	<u>15.6</u>
Total Sales	<u>60.1</u>	<u>91.3</u>	<u>151.0</u>	<u>276.9</u>	<u>370.4</u>
Adjusted EBITDA.....	(9.9)	(12.8)	18.8	(28.8)	43.5
Amortization	5.1	6.4	6.4	19.0	13.6
Gain (loss) on derivative financial instruments	-	(0.2)	2.1	(0.2)	(1.3)
Operating income	<u>(15.0)</u>	<u>(19.1)</u>	<u>10.3</u>	<u>(47.6)</u>	<u>31.2</u>
	<u>Q3</u> <u>2019</u>	<u>Q2</u> <u>2019</u>	<u>Q3</u> <u>2018</u>	<u>YTD</u> <u>2019</u>	<u>YTD</u> <u>2018</u>
(millions of dollars, other than statistical information, unaudited)					
Bioenergy Segment					
Electricity sales under EPA - GWh.....	53.1	47.2	54.7	155.9	156.7
Electricity revenues.....	5.1	4.4	6.2	17.8	18.8
EBITDA	2.7	1.5	3.5	8.9	9.5
Amortization	<u>0.9</u>	<u>0.9</u>	<u>0.7</u>	<u>3.5</u>	<u>3.3</u>
Operating income	<u>1.8</u>	<u>0.6</u>	<u>2.8</u>	<u>5.4</u>	<u>6.2</u>