

# 2019 Annual Shareholders Meeting

May 6, 2019



# Safe Harbor

This presentation contains some forward-looking statements. These forward-looking statements are subject to a number of risks and should not be relied upon as predictions of future events or promises of a given course of action. A number of factors such as land use, environmental and other governmental regulations, risk of loss from fires, floods and windstorms and other natural disasters could cause actual results to differ materially from those described in the forward-looking statements. As with any investment, past performance is not a guarantee of future results.



# Accomplishments since 2018 Annual Meeting

- Change of control issues resolved
- Corporate governance objectives achieved
  - Established committees and charters – best practices
  - Eliminated corporate defenses
- Improved shareholder disclosure
- 2018 audit opinion provided by PCAOB-registered accounting firm
- Uplisted to OTC Pink Current - “stop sign” removed
- Reduced board size and expense
- Recruited two highly qualified board members
- Balance sheet repair underway
- Record operational performance
- Positioned to drive value creation and value realization



# Keweenaw at a glance



184,300 acres of timberland located in western UP of MI and northern WI



401,867 acres mineral rights



Land management and log marketing

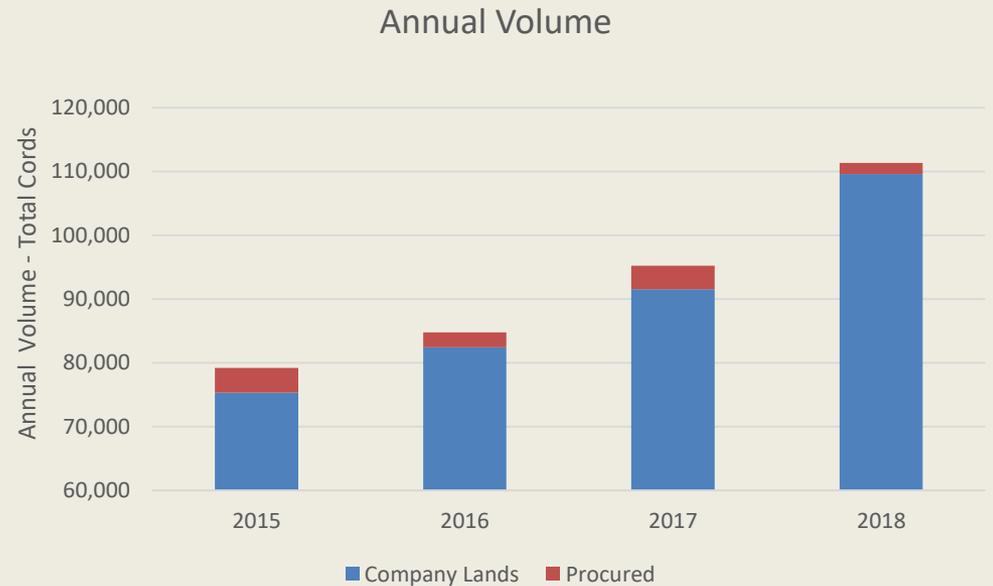


Recreational and HBU real estate sales



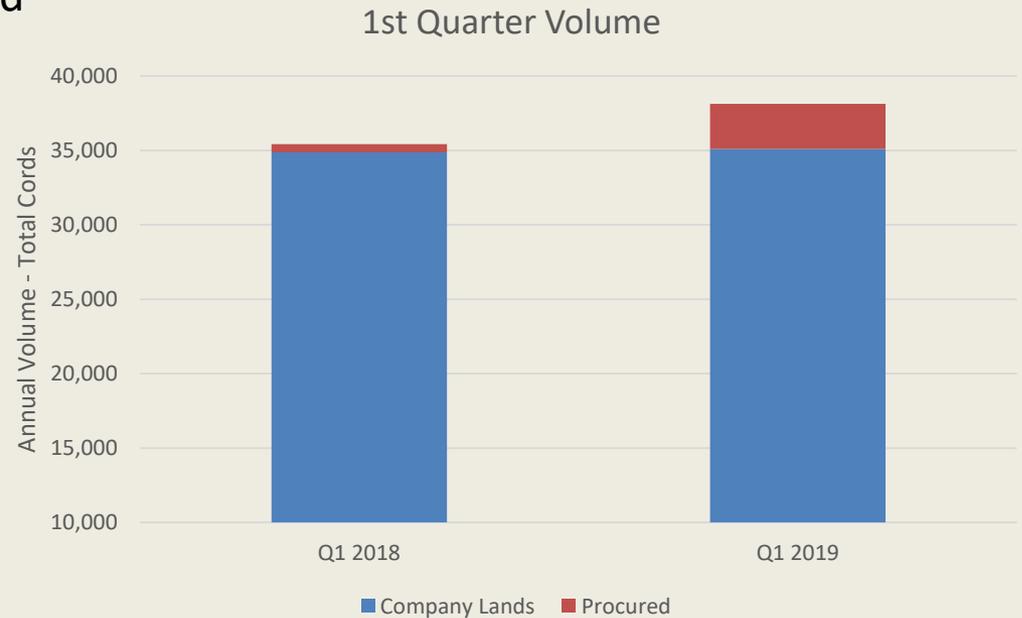
# 2018 harvest volume up by 17% over prior year, 41% increase since 2015

- 2018 volume 111,319 cords
- 10% increase in acreage
- 25% increase timber inventory restatement in 2017



# Q1-19 volume up by 8% over Q1-18

- Q1-19 volume 38,136 cords
- 35,093 cords from Company land
- 3,043 cords from Procured



# Historical Product Mix

## % Product Mix

	2015	2016	2017	2018	Q1-18	Q1-19
Veneer	3%	3%	2%	2%	2%	2%
Sawlogs	9%	9%	8%	9%	6%	7%
Sawbolts	18%	15%	16%	12%	12%	15%
Pulpwood	70%	73%	74%	77%	80%	76%

- Product mix key driver in revenue
  - Veneer Highest Value and Lowest Volume
  - Pulpwood Lowest Value and Highest Volume
  - Product Mix variable year to year



# Historical Average Realized Price Per Cord

**Sales Price by Product**  
\$ Per Cord

	2015	2016	2017	2018	Q1-18	Q1-19
Veneer	\$444	\$461	\$422	\$438	\$411	\$410
Sawlogs	\$235	\$223	\$221	\$240	\$222	\$236
Sawbolts	\$152	\$139	\$129	\$143	\$144	\$141
Pulpwood	\$117	\$103	\$101	\$104	\$100	\$104
<b>Total</b>	\$143	\$129	\$121	\$128	\$118	\$124

- 6% increase 2018 over 2017
- 5% increase Q1 2019 over Q1 2018
- Drivers affecting realized pricing
  - Species mix
  - Product mix
  - Stumpage and delivered prices



# Total Revenues up 23.7% year over year

## Revenues - Volume and Mix Impacts

	2017	2018	Changes Attributed to:	
			Volume	Price/Mix
Veneer	\$742,252	\$965,288	25.2%	4.8%
Sawlogs	\$1,628,038	\$2,410,624	36.2%	11.9%
Sawbolts	\$1,985,620	\$1,985,620	-10.7%	9.9%
Pulpwood	\$7,132,875	\$8,864,301	20.7%	3.6%
<b>Total</b>	<b>\$11,488,785</b>	<b>\$14,211,739</b>	<b>17.7%</b>	<b>6.0%</b>



## Total Revenues up 13.7% Q1-19 over Q1-18

### Revenues - Volume and Mix Impacts

	Q1-18	Q1-19	Changes Attributed to:	
			Volume	Price/Mix
Veneer	\$285,815	\$299,439	5.2%	-0.4%
Sawlogs	\$441,449	\$615,509	30.9%	8.5%
Sawbolts	\$599,496	\$803,452	36.1%	-2.1%
Pulpwood	\$2,847,681	\$3,026,923	1.9%	4.4%
<b>Total</b>	<b>\$4,174,440</b>	<b>\$4,745,324</b>	<b>10.1%</b>	<b>3.6%</b>



# 2018 and Q1 2019 Cost of Goods Sold

## Cost of Goods Sold \$ Per Cord

	2015	2016	2017	2018	Q1-18	Q1-19
Logging	\$49.70	\$49.90	\$46.40	\$45.60	\$45.17	\$45.38
Freight	\$26.20	\$26.40	\$28.90	\$34.30	\$29.00	\$34.69
Roads	\$6.40	\$6.60	\$5.70	\$5.40	\$5.10	\$6.84
Other/Yard	\$2.70	\$2.50	\$2.80	\$3.50	\$1.88	\$2.02
Depletion	\$4.50	\$3.70	\$4.70	\$4.70	\$4.58	\$5.46
<b>Total</b>	<b>\$89.50</b>	<b>\$89.10</b>	<b>\$88.50</b>	<b>\$93.50</b>	<b>\$85.73</b>	<b>\$94.39</b>

- 6% increase 2018 over 2017
- 9% increase Q1 2019 over Q1 2018
- Drivers affecting over all cost of goods sold
  - Increase in Freight
  - Q1-19 road cost increase
  - Procured sale stumpage costs



# 2018 and Q1 2019 Gross Margin

Gross Margin Per CD EQ						
	2015	2016	2017	2018	Q1-18	Q1-19
Log Sales	\$142	\$129	\$121	\$128	\$118	\$124
Cost of Sales	\$90	\$89	\$88	\$93	\$86	\$94
<b>Gross Margin</b>	<b>\$53</b>	<b>\$40</b>	<b>\$32</b>	<b>\$34</b>	<b>\$32</b>	<b>\$30</b>

- 6% increase 2018 over 2017
- 6% decrease Q1-19 over Q1-18
- Drivers affecting gross margin
  - Decrease in pulpwood margins
  - Increase in freight
  - Product Mix
- Fuel is the most sensitive variable



## 2018 and Q1 2019 Other Income

<b>Other Income In thousands</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Q1-18</b>	<b>Q1-19</b>
Minerals, Leases, Yard Services	\$326	\$360	\$490	\$263	\$217	\$111
Land Sales	\$207	\$90	\$167	\$1,510	- 0 -	\$640
Profit(Loss) on Security Sales	(\$14)	\$132	\$796	- 0 -	- 0 -	\$1,494
Investment Earnings	\$87	\$89	\$99	\$74	\$8	\$9
<b>Total Other Income</b>	<b>\$606</b>	<b>\$671</b>	<b>\$1,552</b>	<b>\$1,847</b>	<b>\$225</b>	<b>\$2,254</b>

- 1,800 acre land sale to USFS in 2018
- 237 acres sold for \$640K (\$2,700/acre) in Q1-19
- \$1,494K sale of securities in Q1-19
- \$640k land sales Q1-19 maintains stepped-up pace of monetizations



## 2018 and Q1 2019 P & L Highlights

<i>In Thousands</i>	2017	2018	% change	Q1-18	Q1-19	% change
Timber Sales	\$11,490	\$14,210	24%	\$4,170	\$4,750	14%
Total Sales	\$12,150	\$15,990	32%	\$4,390	\$5,500	25%
Gross Profit	\$2,440	\$3,920	61%	\$1,060	\$1,550	46%
Selling, Management & Administration	\$1,710	\$1,610	-6%	\$620	\$730	18%
Nonrecurring Expense	\$660	\$2,350	256%	\$200	\$150	-25%
Other Income	\$890	\$70	-92%	\$10	\$1,500	n/m
Net Income(loss)	\$570	(\$440)	-177%	\$110	\$1,500	n/m
<b>Net Income per share</b>	<b>\$0.44</b>	<b>(\$0.34)</b>	<b>-177%</b>	<b>\$0.09</b>	<b>\$1.15</b>	<b>n/m</b>

- 2018 Non-Recurring Expense of \$2.35 million relates to change of control and REIT



# Questions?





*Thank you to the board of directors, our employees, and to our shareholders for their continued support*

If you have questions or wish to contact us regarding this presentation material, please call or email us at:

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# Thank You!

