PotlatchDeltic



Investor Presentation

June 2018

Forward-Looking Statements & Non-GAAP Measures

FORWARD-LOOKING STATEMENTS

This presentation contains certain forward-looking statements within the meaning of the Private Litigation Reform Act of 1995 as amended, including without limitation, statements about long-term economic fundamentals, lumber market dynamics, steady cash flows from real estate sales, 2018 housing starts, North American lumber demand, Canadian softwood lumber production, decline of Canadian softwood lumber exports to U.S., 2018 countervailing and antidumping duties, and future company performance, the company's business model, opportunities to significantly increase CAD via merger synergies and operational improvements, flexibility to grow and return capital to shareholders, high lumber prices in extended cycle, synergy opportunities in legacy Deltic harvest volumes, estimated 2018 Resource, Wood Products, Real Estate, Corporate and consolidated EBITDDA, interest expense, tax rate, capital expenditures, and CAD, estimated 2018 and future harvest volumes, lumber production, southern manufacturing capacity expansions, and real estate sales, projected average annual harvest, expectations that high lumber demand and new capacity will tighten southern pine sawtimber stumpage and narrow the gap from trend pricing, opportunities to increase legacy Deltic lumber production and lower per unit costs, opportunity to increase CAD by $50 million on an annual basis, competitive mills to benefit from improving housing market and operational synergies, target run rate of legacy Deltic mills, Deltic rural land sales providing upside to synergy targets, estimated E&P purge, lumber price volatility resulting from trade case regarding Canadian lumber imports, debt maturities, annual interest expense of $35 million, reduction of interest through refinancing of senior notes, real estate business potential and land development potential, capital structure, corporate expense, non-operating pension and retirement benefits, merger-related costs, inventory price adjustment in cost of goods sold, cash flow from operations, and similar matters. These forward-looking statements are based on current expectations, estimates, assumptions and projections that are subject to change, and actual results may differ materially from the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, changes in timberland values; changes in timber harvest levels on the company's lands; changes in timber prices; changes in policy regarding governmental timber sales; changes in the United States and international economies; changes in U.S. job growth; changes in U.S. bank lending practices; changes in the level of domestic construction activity; changes in international tariffs, quotas and trade agreements involving wood products; changes in domestic and international demand for wood products; changes in production and production capacity in the forest products industry; competitive pricing pressures for the company's products; unanticipated manufacturing disruptions; changes in general and industry-specific environmental laws and regulations; unforeseen environmental liabilities or expenditures; weather conditions; changes in fuel and energy costs; changes in raw material and other costs; the ability to satisfy complex rules in order to remain qualified as a REIT; changes in tax laws that could reduce the benefits associated with REIT status; any of the anticipated benefits of the merger will not be realized or will not be realized within the expected time period; the risk that integration of Deltic's operations with those of Potlatch will be materially delayed or will be more costly or difficult than expected; the possibility that integration may be more expensive to complete than anticipated, including as a result of unexpected factors or events; the diversion of management time on integration related issues; the estimation of Deltic's accumulated earnings and profits is preliminary and may change with further due diligence; and other risks and uncertainties described from time to time in the company's public filings with the Securities and Exchange Commission. All forward-looking statements are made as of the date of this presentation, and the company does not undertake to update any forward-looking statements.

NON-GAAP MEASURES

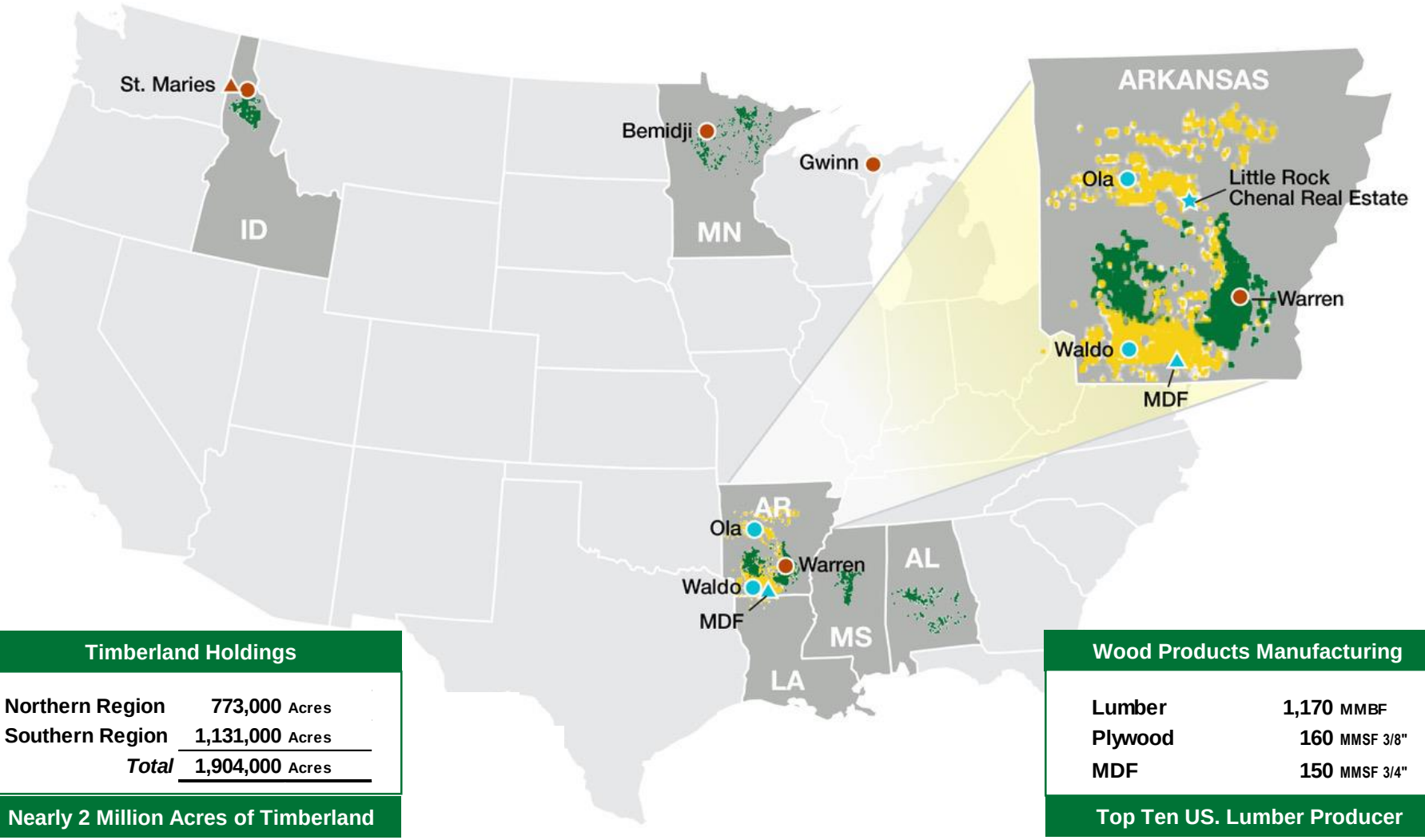
This presentation presents non-U.S. GAAP financial information. A reconciliation of those numbers to U.S. GAAP is included in this presentation which is available on the company's website at www.PotlatchDeltic.com.

Why PotlatchDeltic?

- Best play on housing recovery – highest leverage to lumber among Timber REITs
- Nearly 2 million acres of geographically diverse, high quality, productive timberlands
- Timberlands uniquely positioned to leverage favorable lumber market conditions through indexed northern log prices; being a net log buyer in the South provides a natural hedge
- Favorable long-term lumber market dynamics
- Maximizing value by land stratification - steady cash flows from attractive Real Estate sales
- Opportunity to significantly increase CAD via merger synergies and operational improvements
- Strong balance sheet provides capital flexibility to grow shareholder value

PotlatchDeltic Merger - Compelling Strategic and Financial Rationale

Overview of PotlatchDeltic Assets



Timberland Holdings	
Northern Region	773,000 Acres
Southern Region	1,131,000 Acres
Total	1,904,000 Acres

Nearly 2 Million Acres of Timberland

Wood Products Manufacturing	
Lumber	1,170 MMBF
Plywood	160 MMSF 3/8"
MDF	150 MMSF 3/4"

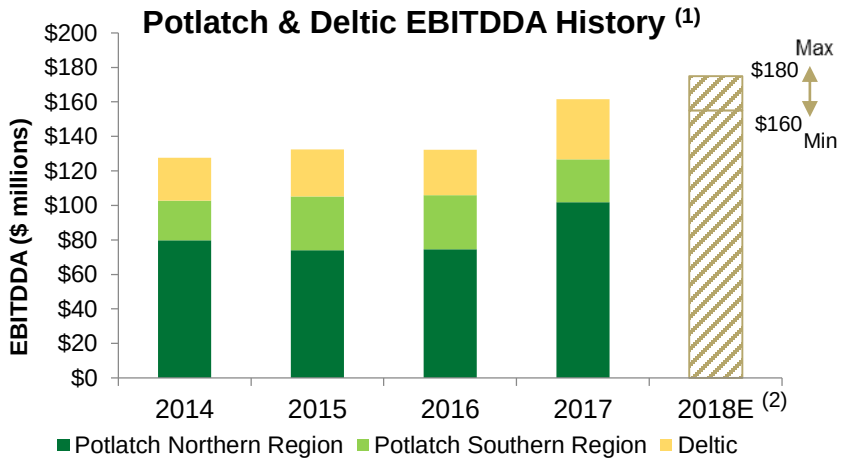
Top Ten US. Lumber Producer

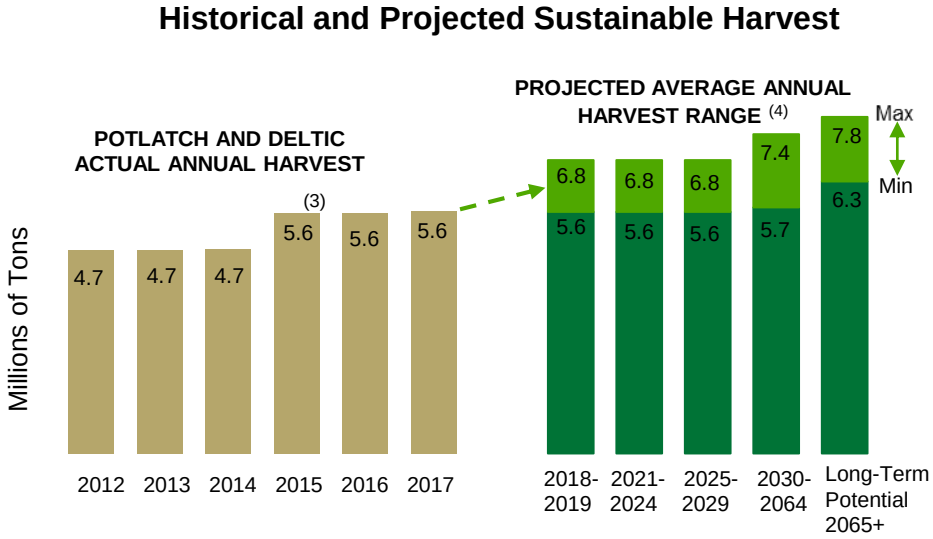
Legend:

- Potlatch timberland holdings
- Deltic timberland holdings
- Potlatch sawmills
- Deltic sawmills
- Potlatch industrial plywood plant
- Deltic MDF plant

Resource – Segment Overview

- Northern Resource EBITDDA strength supported by significant portion of northern sawlog prices being indexed to lumber prices
- Legacy Deltic harvest volumes have been significantly below sustainable harvest levels = synergy opportunity
- Southern pine sawlog prices have not yet recovered due to increased forest productivity and deferred harvests in the region
- Combined 2017 harvest volumes of 5.6 million tons with 2/3 from Southern Region

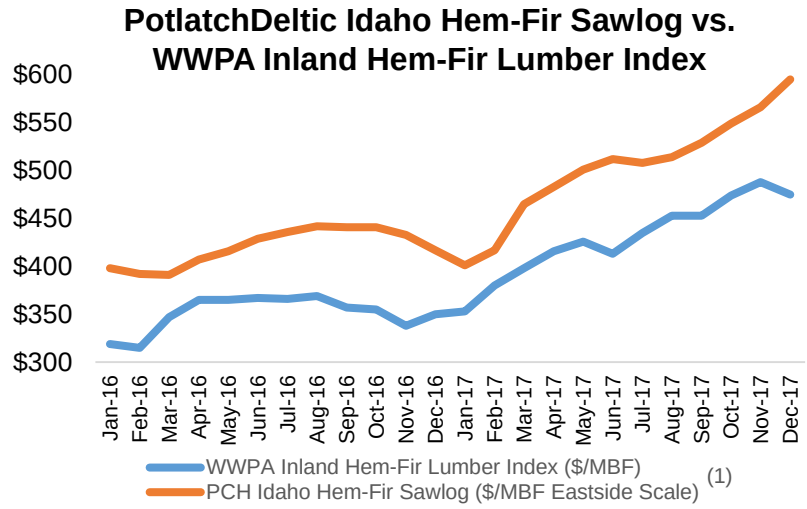


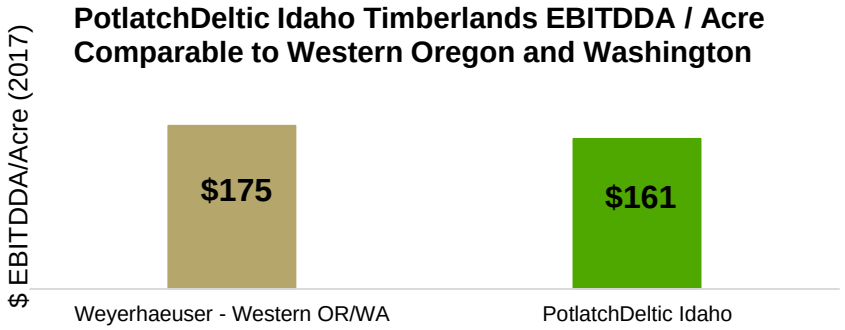


(1) Definition and reconciliations to GAAP can be found in appendix
(2) Deltic in 2018E only included for 10 months
(3) Increase is due to Potlatch acquisition of 200,000 acres of timberlands in Alabama and Mississippi at the end of 2014
(4) Does not include the effect of future acquisitions or dispositions

High Quality Productive Idaho Timberlands

- PotlatchDeltic Idaho timberlands are the most productive Northwest timberlands east of the Cascade mountains
- Timberlands support several major species including Hem-Fir and valuable Douglas Fir/Larch and Cedar
- Significant portion of softwood sawlog prices are indexed to lumber and benefits from strong market conditions
- Diverse customer base with 1/3 of sawlogs used internally at St. Maries plywood and lumber mills





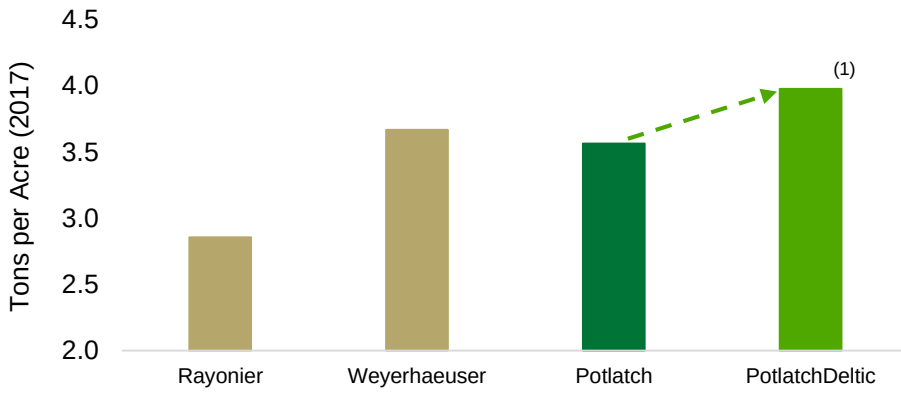
Strong EBITDDA Contribution from Idaho Timberlands.

(1) Idaho sawlogs are sold on a Scribner Eastside log scale basis which is significantly different than the Westside log scale used in Western Oregon and Washington. In general the price conversion factor is approximately Westside = Eastside X 1.25, so $600/MBF Eastside = ~$750/MBF Westside.

High Quality Southern Timberlands Opportunity on Deltic Legacy Timberlands

- Deltic timberlands add high quality southern pine timber base
  - Deltic standing inventory is 58% high value pine sawlog
  - 77,000 acres of pine plantations over age 30 and 65,000 acres of mature natural pine forests; conversion to plantations increases productivity
- Southern timber market
  - ~ half of our sawlogs are used internally at PotlatchDeltic sawmills
  - Other end-users nearby

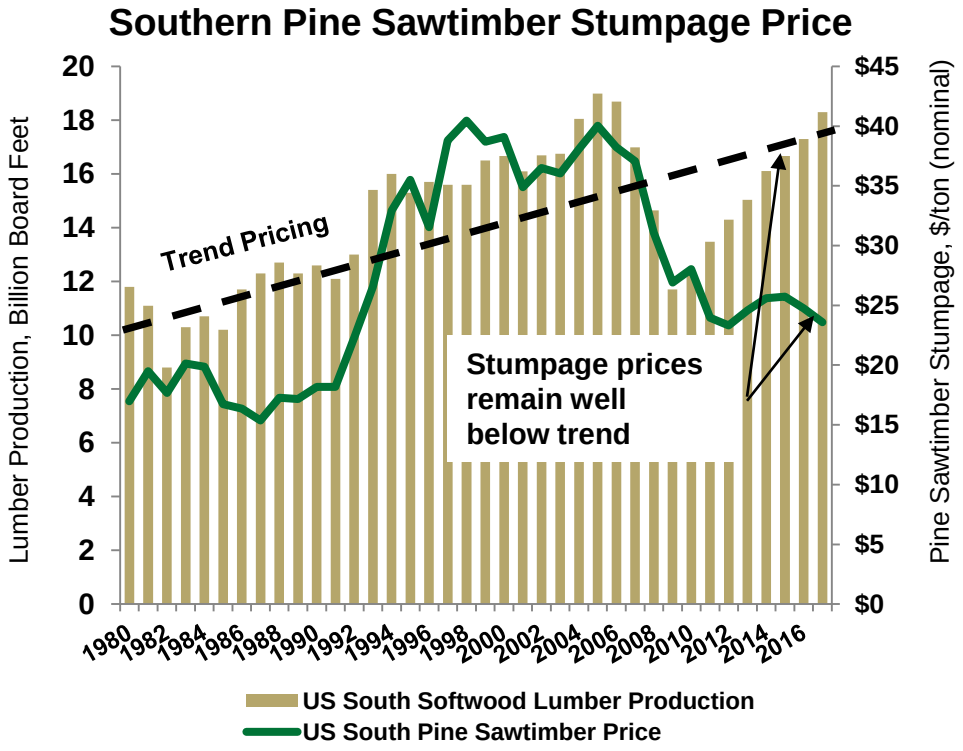
Southern Timberlands - Harvest Productivity



At 2018 combined harvest volumes, a $10 change in southern sawlog prices is ~$20 million in annual EBITDDA.

(1) PotlatchDeltic estimate based on optimized 2018-2019 harvest volumes

Southern Pine Sawlogs - Growing Demand and Capacity Expansion



Source: USDA, WWPA, Timber Mart-South.

Selected Capacity Expansions

Description	Location	Status	Demand (1) Sawlog	Demand (1) Pulpwood
Biewer - lumber	Newton, MS	Built, in start-up	900	-
Conifex - lumber	El Dorado, AR	Built, in start-up	700	-
Two Rivers - lumber	Demopolis, AL	Built, running	900	-
Winston - plywood	Louisville, MS	Built, in start up	750	-
Caddo - lumber	Glenwood, AR	$50MM to restart idled mill	650	-
Highland - pellet	Pine Bluff, AR	Under construction	-	1,400
Sun Paper - Linerboard	Arkadelphia, AR	Announced plan to build	-	3,000

Higher lumber demand and new capacity in our wood baskets expected to tighten southern pine sawtimber stumpage and narrow the "gap" from trend pricing over time.

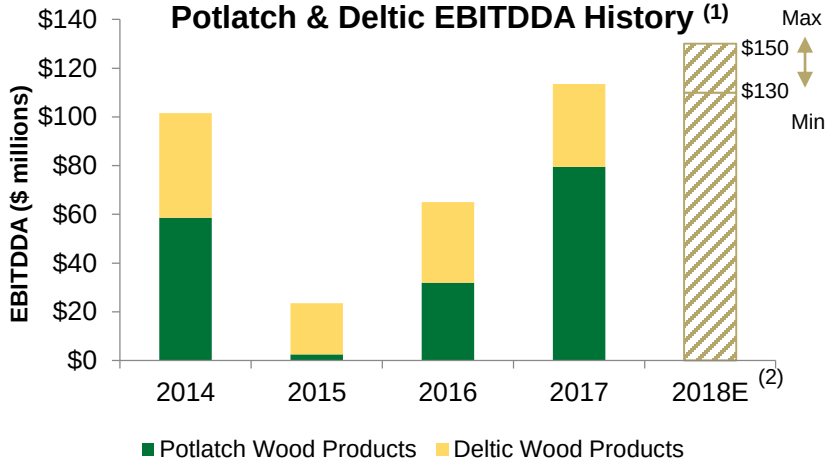
(1) PotlatchDeltic estimates in thousands of tons

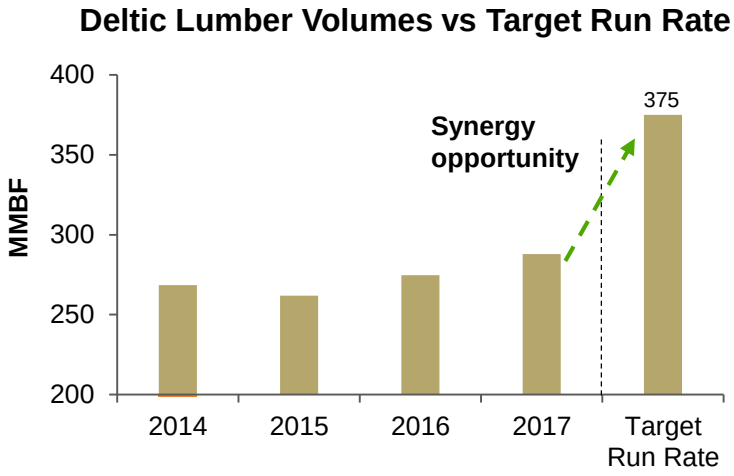
Wood Products - Segment Overview

- 6 sawmills: greater than 1.1 billion board feet of lumber capacity
- Industrial grade plywood mill: 160 million square feet of specialty grade panel capacity, most of which are sold at a premium
- MDF plant: 150 million square feet of capacity, including higher margin thin/light density board
- Opportunities to increase legacy Deltic lumber production & lower per unit costs

Location	Product	Real Capacity	Opportunity
Ola, AR	Lumber	180 MMBF	Optimize recent capital projects
Waldo, AR	Lumber	240 MMBF	Q1 '18 addition of continuous kiln

Competitive mills will benefit from improving housing market and operational synergies.

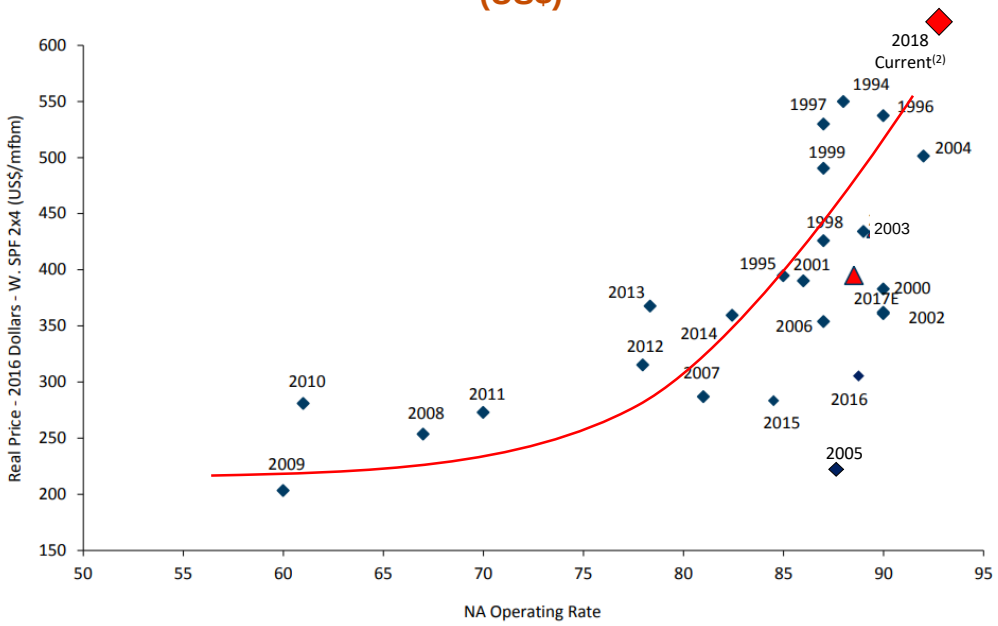




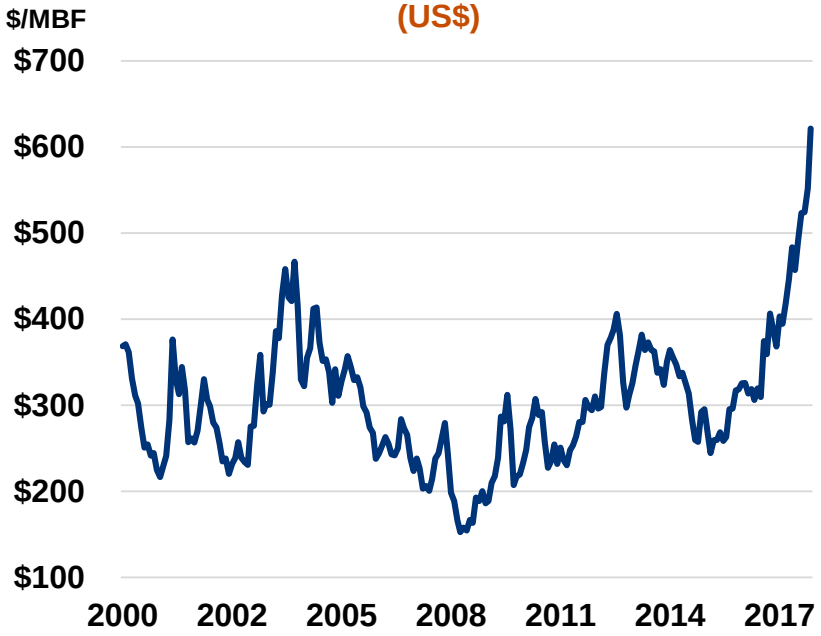
(1) Definition and reconciliations to GAAP can be found in the appendix
(2) Deltic in 2018E only included for 10 months

Lumber Capacity Utilization vs. Price

REAL PRICE (2016 dollars) W. SPF 2x4 (US$)



HISTORICAL W. SPF 2X4 PRICES (US$)



Lumber prices are correlated with industry capacity utilization, which is increasing. Western lumber prices are about 45%(1) higher than a year ago.

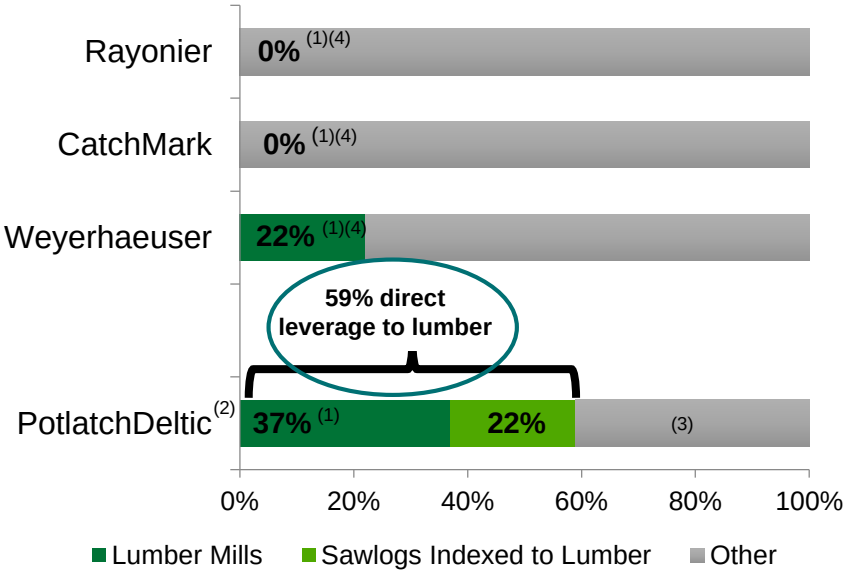
Source: RBC Capital Markets from Random Lengths, RISI, and RBC Capital Markets estimates.

(1) Western SPF 2X4 #2 & Better Price (FOB mill) averaged $368/MBF in the first five months of 2017 compared to $543/MBF in 2018.

(2) Current Western SPF 2x4 #2 & Better Price (FOB mill) of $647/MBF based on May 18th, 2018 Random Lengths print.

Best Timber Play on Housing Recovery

Direct Leverage to Lumber Prices

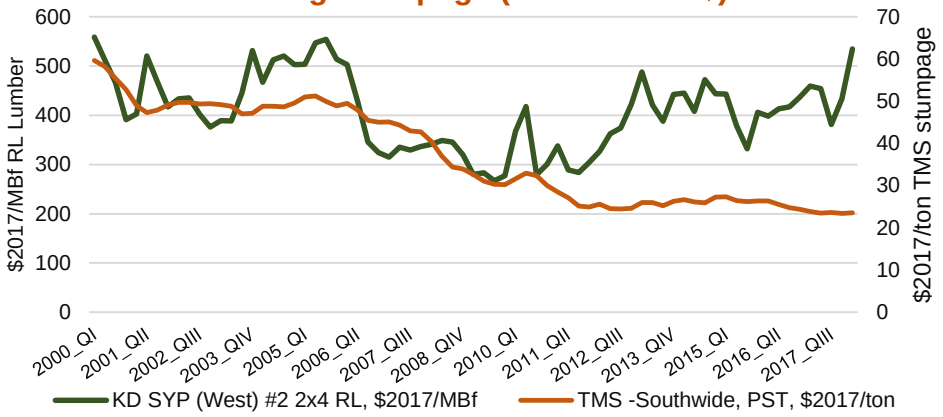


- $10/MBF change in lumber prices represents ~ $12 million annual EBITDDA

Natural Hedge in U.S. South

- PotlatchDeltic is a net southern sawlog buyer (consume 2.4 million tons vs. sell 2.1 million tons)
- This leads to high lumber margins as southern sawlog prices remain well below trend levels

Westside Southern Pine Prices: Lumber vs. Sawlog Stumpage (real 2017 US$)



Lumber manufacturing and indexed log prices in Idaho result in highest direct leverage to lumber prices. Sawlog harvest and sawmill consumption volumes provide natural hedge in U.S. South.

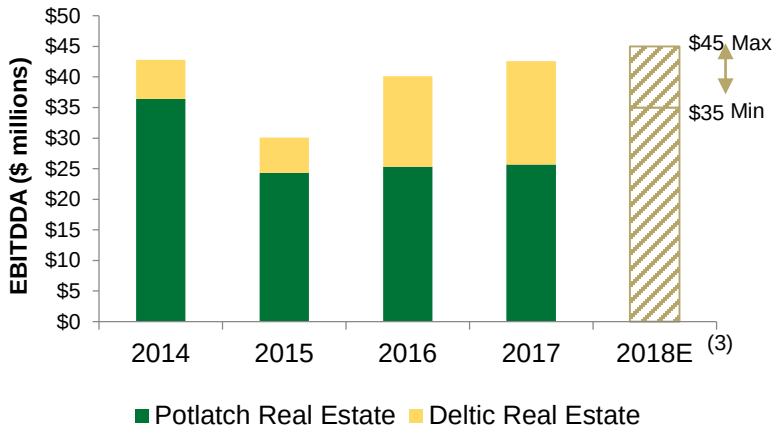
(1) Based on EBITDDA for trailing twelve months ended December 31, 2017.
(2) Calculations based on the addition of actual Potlatch and Deltic 2017 results. Definition and reconciliations to GAAP can be found in appendix.
(3) PotlatchDeltic Other amount consists of EBITDDA from non-indexed log sales, plywood, MDF and real estate
(4) Source: public filings.

Land Stratification

Chenal Valley Real Estate Development

- Premiere master plan community in Little Rock
- Luxury amenities, including two golf courses
- Residential lots sold to private / regional builders
- Commercial acreage: office / multifamily / retail

Potlatch & Deltic EBITDDA History (1)



Land Stratification

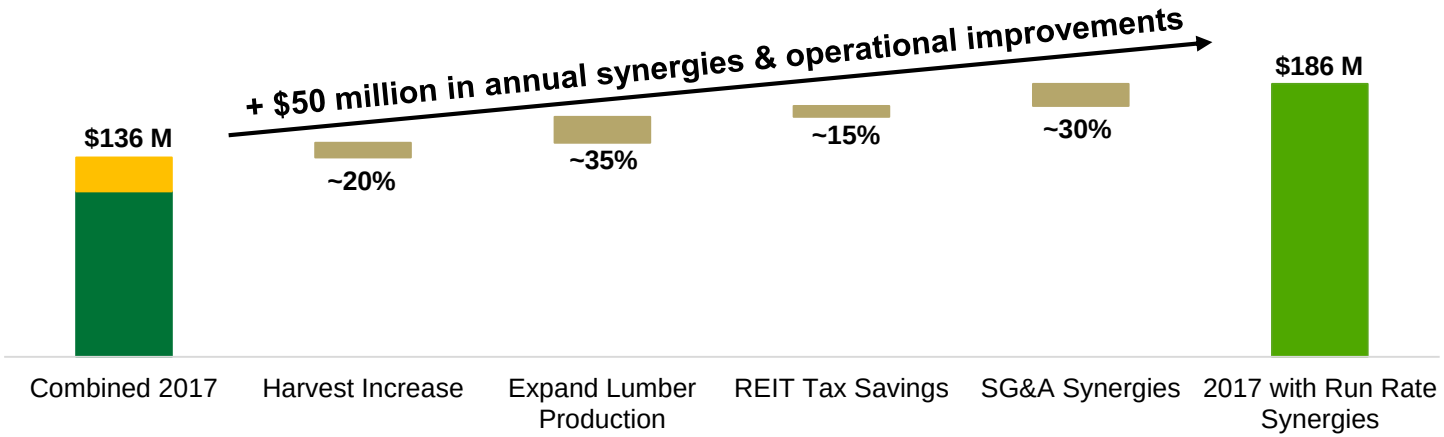
Land Stratification Values

	Recent Sales History (2)	Pipeline
Chenal Master-Plan Community	$81,000/lot $250,000 / acre	2,780 residential lots 388 commercial acres
HBU Development	$2,500 / acre	40,000 Potlatch acres TBD Deltic acres
Rural Real Estate	$1,300 / acre	100,000 Potlatch acres TBD Deltic acres
Non-Strategic Timberland	$700 / acre	55,000 Potlatch acres

Deltic rural land sales provide upside to synergy targets.

(1) Definitions and reconciliations to GAAP can be found in the appendix
(2) Historical average of last two years
(3) Deltic in 2018E only included for 10 months

Pro Forma 2017 CAD Bridge



Asset	Description
Timberlands	▲ Increase harvest levels on Deltic timberlands to sustainable levels ▲ Convert natural stands comprised of high-value sawlogs to higher productivity plantations ▲ Maximize efficiency of sawlog deliveries to sawmills
Sawmills	▲ Increase sawmill capacity utilization and reduce per unit costs through optimizing recent capital projects ▲ Low variable costs on incremental production ▲ Disciplined capital expenditures
REIT Tax Savings	▲ Convert Deltic timberland into tax-efficient REIT structure ▲ Significant tax savings on Deltic harvest ramp up
SG&A Rationalization	▲ Efficiently manage public company costs across larger asset base ▲ Achieve efficiencies through integration of systems and resources

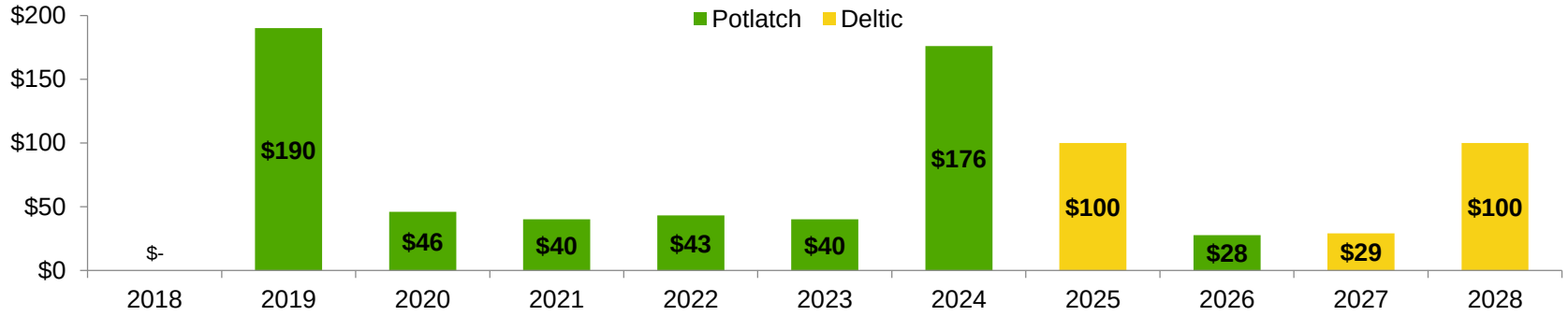
Significant Opportunity to PotlatchDeltic to Increase CAD +$50 million; run rate of $30 million achieved as of March 31, 2018

Favorable Capital Structure

- New $380 million revolver
  - $379 million available, Maturity: April 2023
  - Accordion: $420 million
- Deltic debt
  - $100 million was refinanced
  - Assumed remaining $129 million
- Post merger interest run rate $35 million per year
- Reduce interest ~$4 million by refinancing $150 million of 7.5% debt at Nov. 2019 maturity

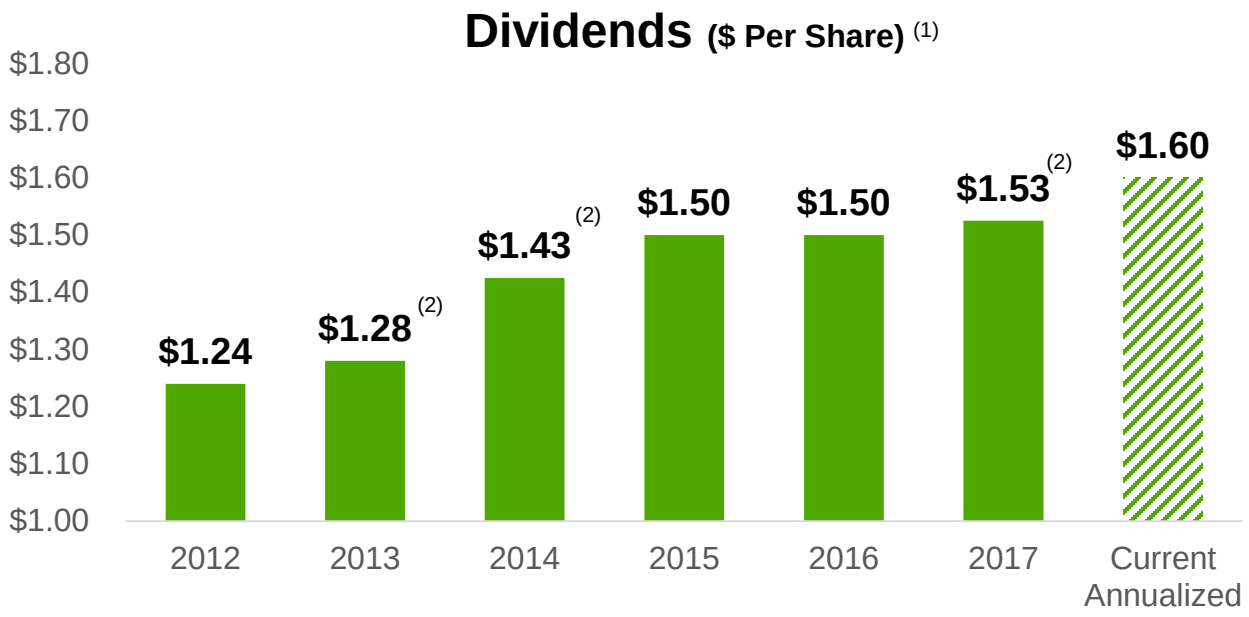
Unaudited, $ in millions		PotlatchDeltic 3/31/2018
Market capitalization[1]	$	3,141
Net debt [2]		681
Enterprise value	$	3,822
Net debt to enterprise value		18%
EBITDDA leverage[2]		2.7x
Weighted average cost of debt, after tax[3]		4.1%

DEBT MATURITIES



(1) Market capitalization based on closing stock price of $50.05 on May 25, 2018
(2) Definition can be found in the appendix; amount is estimated using 2018 outlook EBITDDA on slide 23.
(3) Weighted average cost of debt excludes amortization of deferred issuance costs and credit facility fees

Growing Dividend



29% dividend growth since 2012

- Current dividend yield 3.2%(3)
- Pro forma dividend run rate is $101 million per year at $1.60 per share
- Earnings & profits purge estimated at $250 million Q4 2018 – 20% cash and remainder as pro rata stock distribution

(1) Current annualized dividends per share do not include impact from stock portion of earnings & profits purge
(2) The dividend increased 13% Q4 2013, 7% Q4 2014, and 7% Q4 2017
(3) Based on the closing stock price of $50.05 per share on May 25, 2018

Summary

- High quality, well managed portfolio of assets
- Merger creates significant opportunity through synergies and operational efficiencies to increase Cash Available for Distribution
- Earnings & profits purge for Deltic REIT conversion
- Long-term industry fundamentals are favorable
- A strong balance sheet allows PotlatchDeltic to return capital to stockholders and pursue additional growth opportunities
- Strong cash flows result in significant CAD cushion vs historical payout ratio

PotlatchDeltic 2018 Outlook (1)(2)(3)

Resource:
Harvest: 5.5 – 5.9 million tons
EBITDDA: $160 - $180 million

Wood Products:
Lumber: ~1.0 BBF
EBITDDA: $130 - $150 million

Real Estate:
Chenal lot sales: 155 - 160 lots
Rural land sales: 20,000 – 25,000 acres
EBITDDA: $35 - $45 million

Corporate:
EBITDDA: ($ 40) – ($45) million

Consolidated:
Tax Rate: ~20%
EBITDDA: $280 - $335 million
Capital Expenditures: $55 - $60 million
CAD: $165 - $215 million

(1) Definition and reconciliations to GAAP can be found in appendix.
(2) Amounts include Deltic for 10 months and only a portion of the synergies and operational improvements. The full run rate of synergies and operational improvements is expected to be achieved in 2019.
(3) Excludes merger costs

PotlatchDeltic

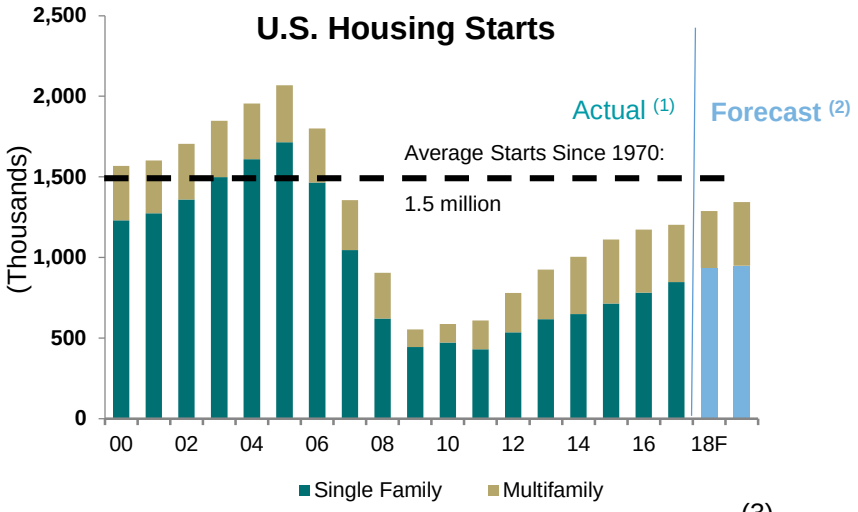


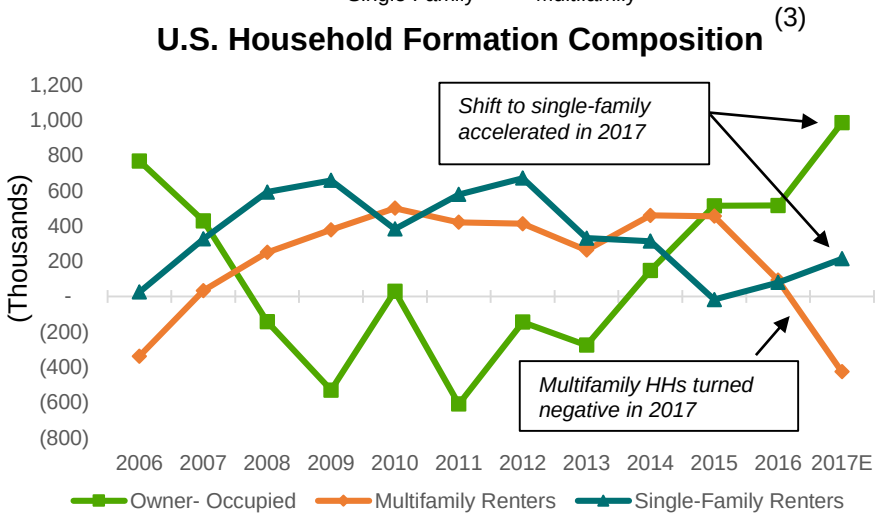
Appendix

PotlatchDeltic (NASDAQ: PCH)

www.PotlatchDeltic.com

Single Family Housing - Favorable Fundamentals



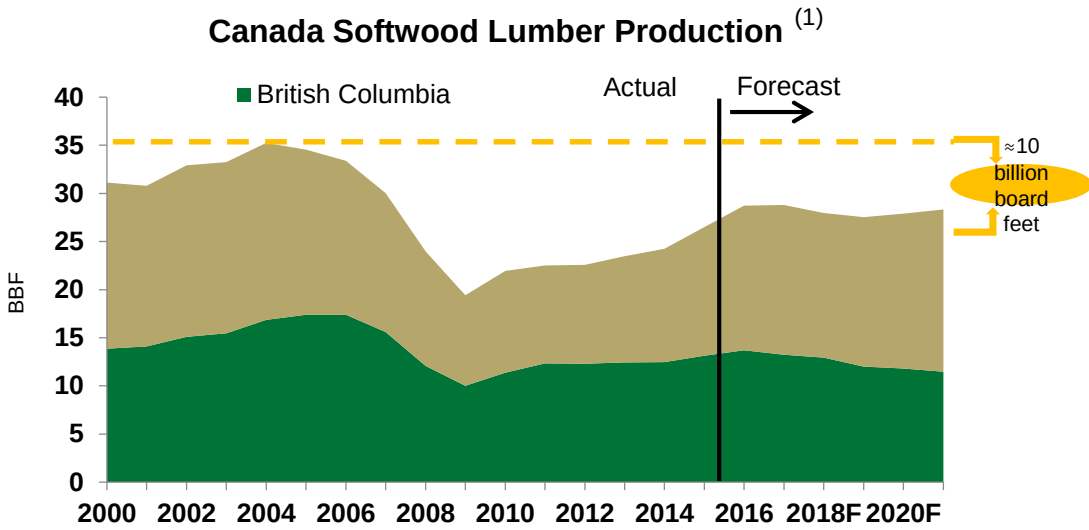


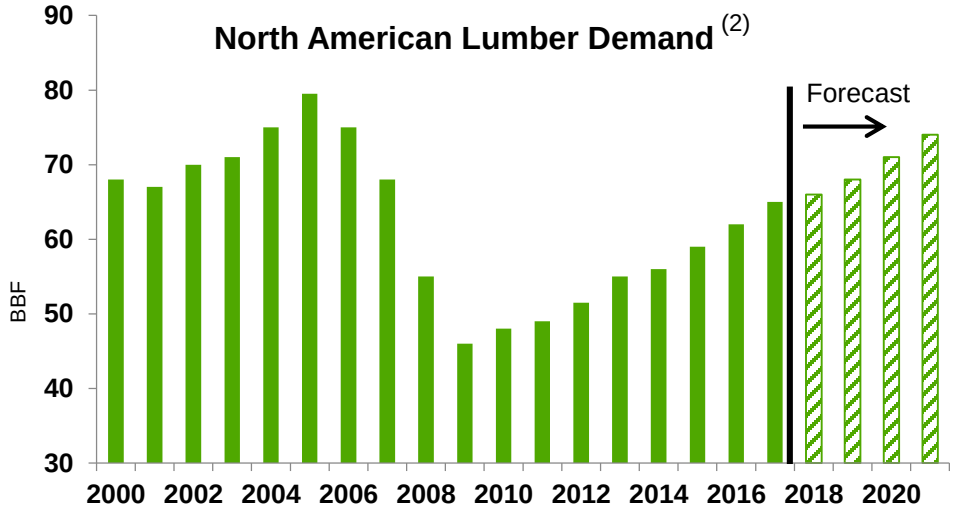
- Multifamily has led the recovery – significant supply pending in first half 2018
- Single family starts remain well below historical averages
- Beginning to see shift away from multifamily rental by Millennials
- Low existing home inventory
- Lot supply remains a key constraint
- Expect U.S. housing starts to be approximately 1.3 million in 2018

(1) Source: U.S. Census Bureau.
(2) Forecast based on average of 8 different economic forecasting firms
(3) Raymond James research, U.S. Census Bureau (Housing Vacancy Survey, American Community Survey, American FactFinder)

Housing Recovery and US - Canada Trade Support U.S. Lumber Demand Growth

- Canadian supply has declined almost 10 billion board feet due to mountain pine beetle and a reduction in allowable cut
- Canadian softwood lumber exports to the U.S. continue to decline
- CVD/AD on Canadian lumber adds to market volatility
- U.S. lumber demand is expected to continue to grow with increased housing demand

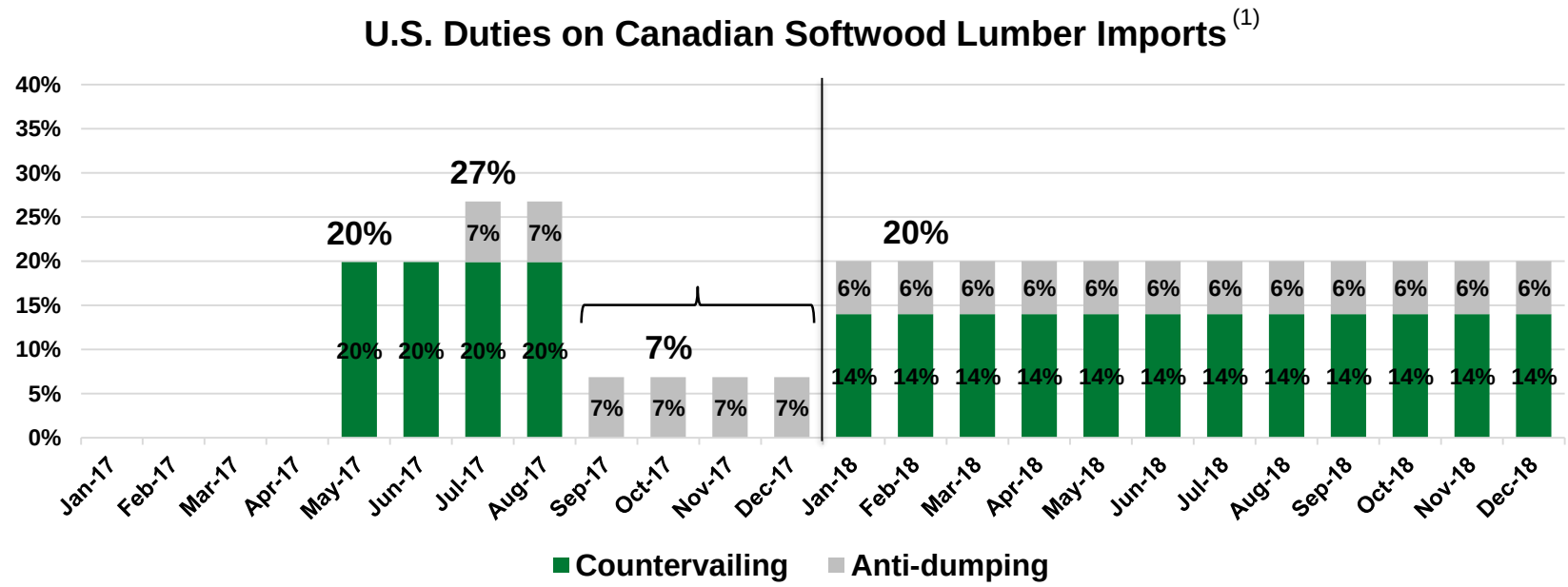




(1) Source: Wood Markets Outlook 2017
(2) Source: FEA

Canadian Lumber Import Trade Case

- The preliminary combined duty on lumber imports from Canada was 27%
- The final finding of injury occurred in December and the final combined rate of 20% went into effect December 28th
- Canada has filed a complaint against the U.S. with the World Trade Organization



(1) Source: public information and ERA Forest Products Research

EBITDDA & Segment EBITDDA Reconciliation - Potlatch ($ in millions)

	Fiscal Year	2014	2015	2016	2017
RESOURCE	Northern Resource operating income	$65	$59	$65	$94
	Depreciation, depletion and amortization	15	15	10	8
	Northern Resource EBITDDA	$80	$74	$75	$102
	Southern Resource operating income	$20	$17	$17	$12
	Depreciation, depletion and amortization	3	14	14	13
	Southern Resource EBITDDA	$23	$31	$31	$25
	Resource Segment Adjusted EBITDDA	**$103**	**$105**	**$106**	**$127**
WOOD PRODUCTS	Operating income (loss) (1)	$53	($5)	$25	$72
	Depreciation and non-cash impairments & eliminations	6	8	7	7
	Wood Products Segment Adjusted EBITDDA	**$59**	**$3**	**$32**	**$79**
REAL ESTATE	Operating income (2)	$27	$17	$19	$19
	Basis of real estate sold and depreciation	9	7	9	7
	Real Estate Segment Adjusted EBITDDA	**$36**	**$24**	**$27**	**$26**
CORPORATE	Corporate expense (3)	($32)	($32)	($37)	($40)
	Depreciation and eliminations (4)	1	3	(3)	(3)
	Consolidated Adjusted EBITDDA	**$167**	**$103**	**$125**	**$189**

(1) Excludes 2017 lumber price swap adjusted to exclude the change in unrealized (gain) loss and include cash settlements during the period
(2) Excludes the Q2 2016 central Idaho timberland sale
(3) Corporate expense excludes $5 million of environmental remediation charges and $3 million of merger costs of in 2017
(4) Eliminations are primarily related to intersegment purchases of logs

EBITDDA & Segment EBITDDA Reconciliation - Deltic ($ in millions)

	Fiscal Year	2014	2015	2016	2017
WOODLANDS	Operating income	$19	$20	$18	$25
	Depreciation, depletion and amortization	6	7	8	10
	Woodlands Segment Adjusted EBITDDA	**$25**	**$27**	**$26**	**$35**
MANUFACTURING	Operating income (loss)	$31	$8	$19	$17
	Depreciation and non-cash impairments & eliminations	12	13	14	17
	Manufacturing Segment Adjusted EBITDDA	**$43**	**$21**	**$33**	**$34**
REAL ESTATE	Operating income	$1	$-	$8	$7
	Basis of real estate sold and depreciation	5	5	7	10
	Real Estate Segment Adjusted EBITDDA	**$6**	**$5**	**$15**	**$17**
CORPORATE	Corporate expense [(1)]	($17)	($17)	($19)	($22)
	Depreciation and eliminations	-	-	-	-
	Consolidated Adjusted EBITDDA	**$57**	**$36**	**$51**	**$53**

[(1)] Corporate EBITDDA excludes $4 million of costs related to the CEO retirement in 2016 and $11 million of merger costs in 2017

2018 Outlook

	2018 Projected Guidance Range	Lower	Upper
RESOURCE			
	Resource Segment Adjusted EBITDDA	**$160**	**$180**
WOOD PRODUCTS			
	Wood Products Segment Adjusted EBITDDA	**$130**	**$150**
REAL ESTATE			
	Real Estate Segment Adjusted EBITDDA	**$35**	**$45**
CORPORATE	Corporate expense	($77)	($70)
	Non-operating pension and other postretirement benefits	8	8
	Deltic merger-related costs	22	20
	Inventory purchase price adjustment in cost of goods sold	2	2
	Corporate Adjusted EBITDDA[(1)]	**($45)**	**($40)**
	Total Consolidated Adjusted EBITDDA[(1)]	**$280**	**$335**

CASH FLOW FROM OPERATIONS	Cash flow from operations[(1)]	$225	$270
CAPITAL EXPENDITURES	Capital expenditures	(60)	(55)
	Cash Available for Distribution[(1)]	**$165**	**$215**

Non-GAAP measure. See page 24 for definition.
(1) Excludes Deltic merger-related costs of $22 - 20 million and acquisition costs included in costs of goods sold of $2 million.

Definitions

Adjusted EBITDDA is a non-GAAP measure and is calculated as net income (loss) adjusted for interest expense, provision (benefit) for income taxes, depletion, depreciation and amortization, basis of real estate sold, non-operating pension and other post-retirement benefit costs, gains and losses on disposition of fixed assets, acquisition costs included in cost of goods sold, environmental charges, Deltic merger-related costs, non-cash impairments and other special items.

EBITDDA Leverage is a non-GAAP measure and is calculated as net debt divided by Adjusted EBITDDA.

Cash Available for Distribution (CAD) is a non-GAAP measure and is calculated as cash from operations adjusted for cash-basis Deltic merger-related costs and other special items, minus capital expenditures and timberland acquisitions.

Net debt to enterprise value is a non-GAAP measure and is calculated as net debt divided by enterprise value. Net debt is calculated as long-term debt, less cash and cash equivalents.



PotlatchDeltic (NASDAQ: PCH)

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