



2017-2018 ANNUAL REPORT

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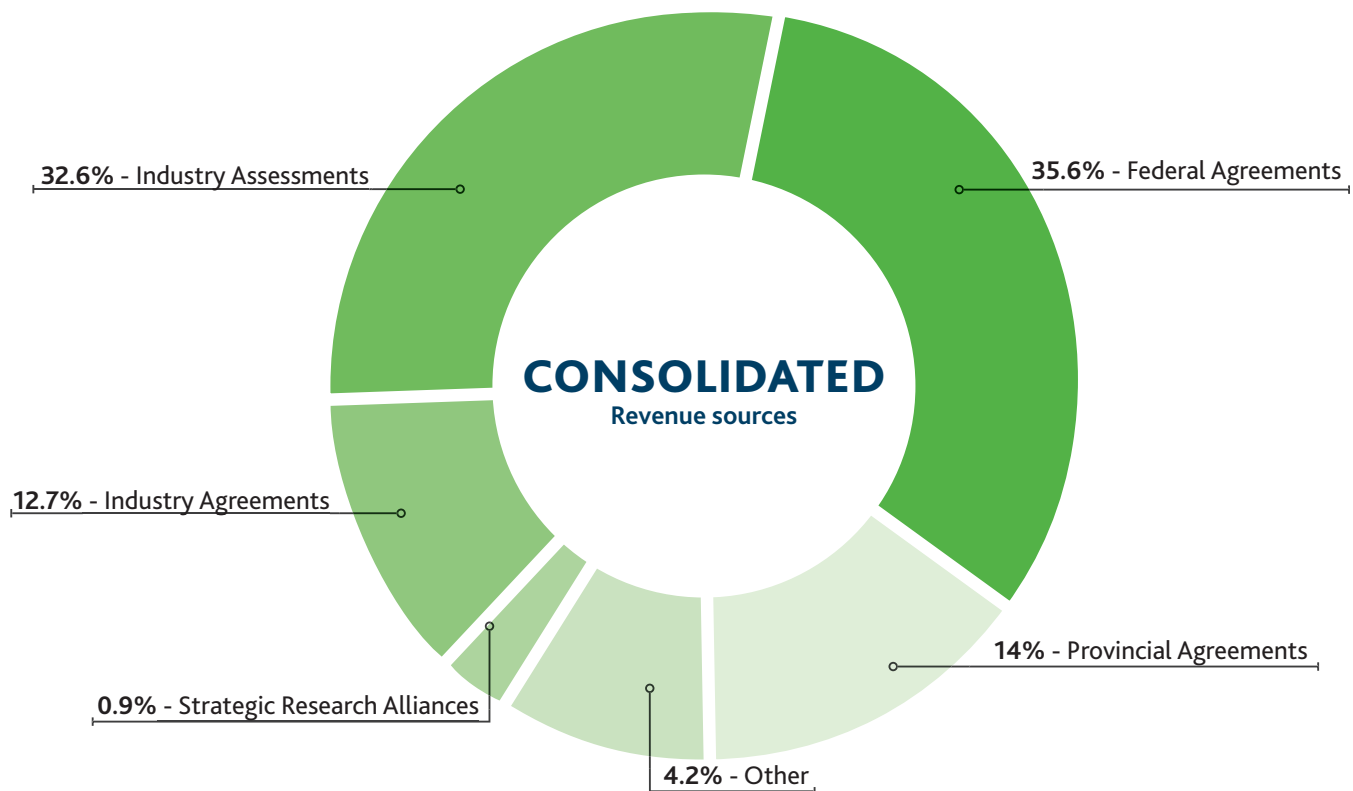
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FINANCIAL RESULTS

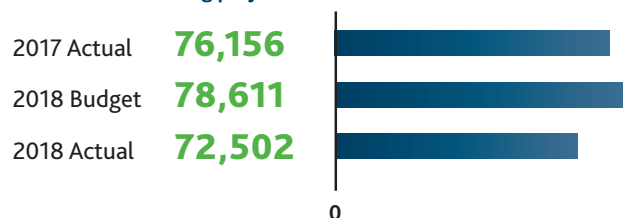
AS AT MARCH 31, 2018

Members of FPInnovations may obtain a signed copy of the audited financial statements free of charge by contacting Terry Knee, Corporate Secretary at terry.knee@fpinnovations.ca.

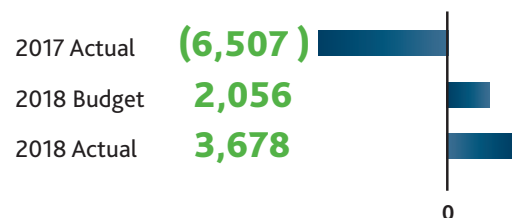


REVENUE (\$000)

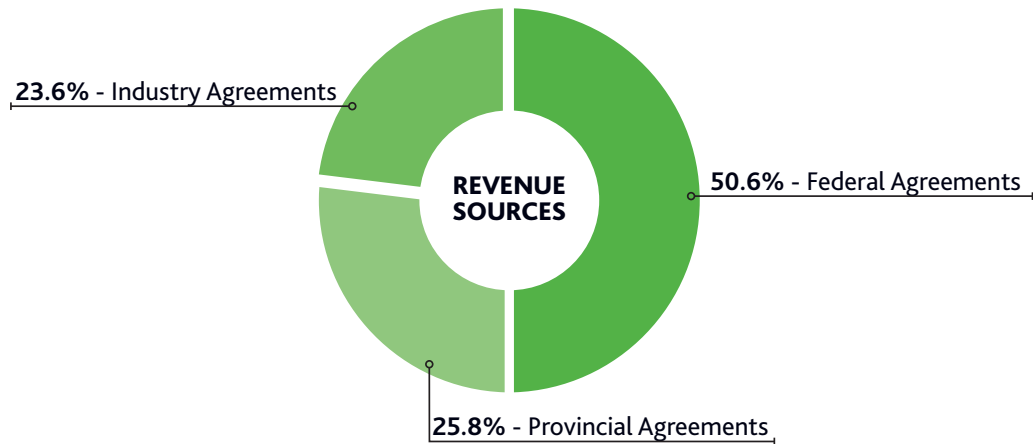
Before non-recurring projects



SURPLUS (DEFICIT) (\$000)

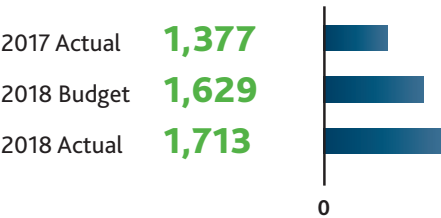


BUSINESS DEVELOPMENT

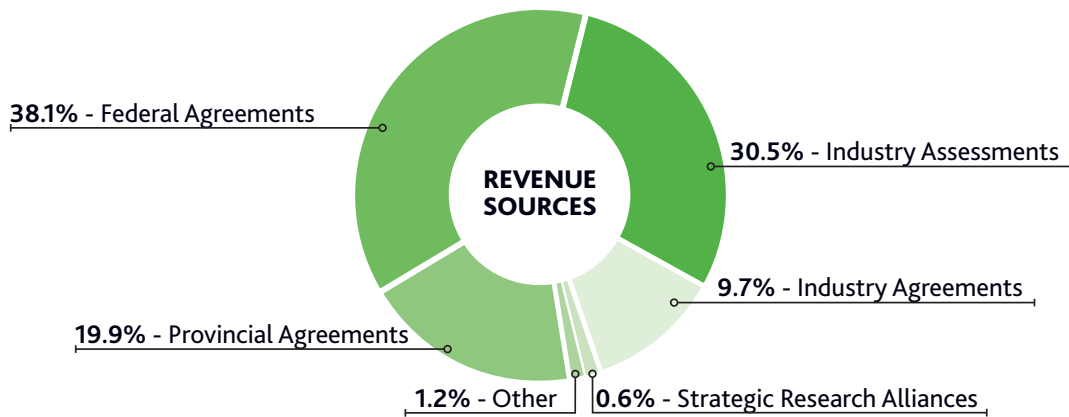


REVENUE (\$000)

Before non-recurring projects

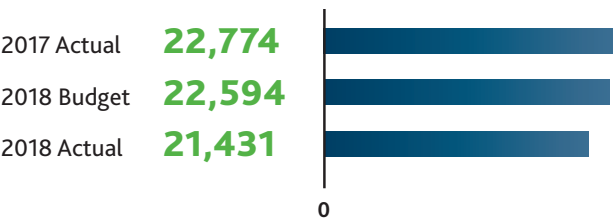


WOOD PRODUCTS

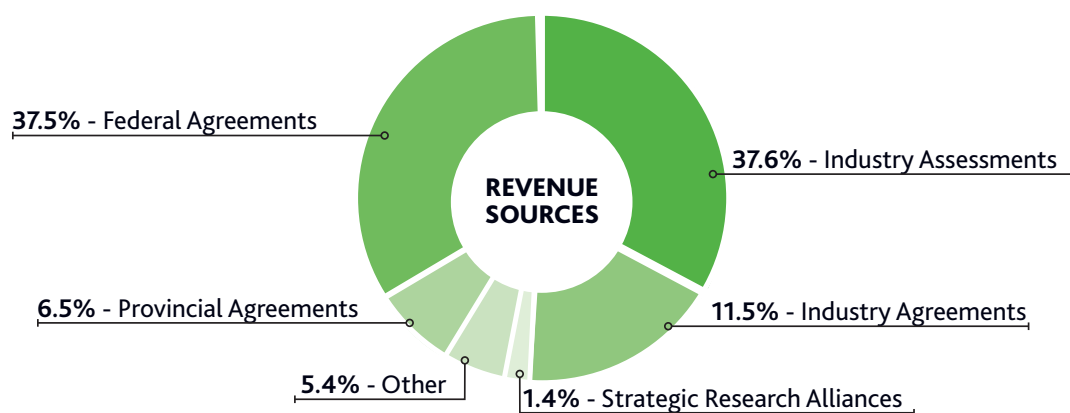


REVENUE (\$000)

Before non-recurring projects

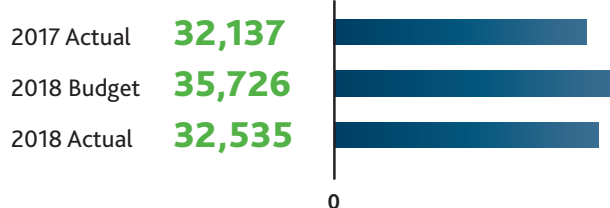


PULP, PAPER, AND BIOPRODUCTS

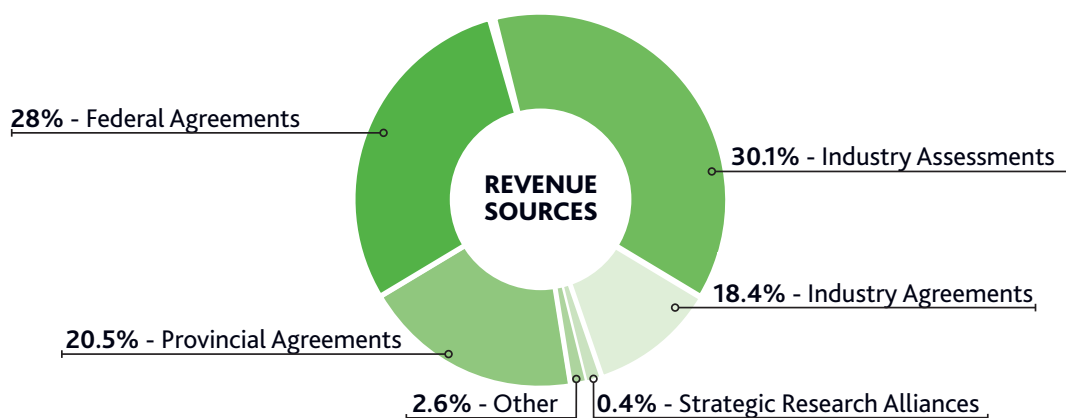


REVENUE (\$'000)

Before non-recurring projects

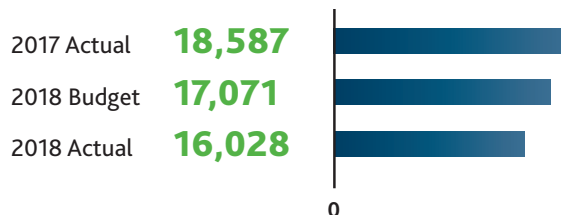


FOREST OPERATIONS



REVENUE (\$'000)

Before non-recurring projects



MESSAGE FROM THE CHAIRMAN OF THE BOARD AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



Last year was a crucial year for FPIInnovations as we focused on reassessing our business model and on increasing the efficiency of our organizational structure. Our objective was to reaffirm FPIInnovations as the applied science and innovation leader for forest-based industries across Canada and to perfectly align our priorities with the sector.

Last year also witnessed major and fundamental changes to the organization. "I was very pleased to welcome aboard Stéphane Renou as President and Chief Executive Officer. He has brought a renewed energy to the organization and I look forward to the positive changes to FPIInnovations' culture and operational excellence that his experience brings," stated Yvon Pelletier, Chairman of the Board of Directors. "FPIInnovations has a great team and as we move towards a model of true collaboration, I believe the innovative results and the speed at which we will achieve them will speak for themselves," responded Stéphane.

FPIInnovations continues to evolve and is further increasing its focus on developing a unique innovation value proposition for forest-based industries. In a rapidly changing, high-tech, interconnected world, this can only be achieved through collaboration within and outside of the industry, keeping in mind the best interest of each of our members, our government partners, and a host of key stakeholders.

The next year promises to be equally decisive as we continue to focus on creating bottom-line impact and on attracting the interest of non-traditional markets to the innovative application of fibre-based products.



While striving for excellence in the way we operate, we will concentrate our efforts on creating and developing tangible solutions that directly address our industry's key issues.

The forestry sector is at a critical juncture: there's a thirst for accelerating the transformation of the forest sector growth now more than ever. The quest for speed and excellence call upon us to join forces and work together to reach a common goal: a bright and sustainable future for all current and future stakeholders in the sector. Through collaboration with our members, the government, industry, and universities and colleges, we will energize and strengthen our central role in developing innovative, practical solutions and support the effective transfer of technological innovation and research. Collaboration is at the very heart of everything we do.

A stylized handwritten signature in black ink.

YVON PELLETIER

Chairman of the Board

A stylized handwritten signature in black ink.

STÉPHANE RENOU

President and Chief Executive Officer

MESSAGE FROM THE CHIEF FINANCIAL OFFICER



The year 2017-2018 financial year was a year of challenges, change, and progress for FPInnovations.

Despite significant challenges within the Canadian forest sector, FPInnovations continues to reinforce its role as a world leader and an innovator in R&D. This year and under new leadership, FPInnovations has considerably restructured its internal operations. These changes will ensure the financial growth of the organization as well as the transformation of the sector.

FPInnovations wrapped up the 2017-2018 financial year with total revenue of \$72.5 million, representing a decrease of 5% when compared to \$76.2 million the previous year. FPInnovations generated a net surplus (excess of revenue over expenditures) of \$3.7 million. Our results are driven by improvements in FPInnovations' operational performance,

by the proceeds from the sale of the Quebec office building, and are partly offset by restructuring charges (\$2.7 million). The operating margin was \$1.0 million positive, compared to a loss of \$4.2 million from previous year. As part of our efforts to attain these results and in order to achieve greater efficiency, we have taken robust measures to align, strengthen, and tighten our expenses.

The changes we have made and continue making enable us to remain at the forefront of the sector as we reaffirm FPInnovations as the applied science and innovation leader for forest-based industries across Canada.

A handwritten signature in dark ink, appearing to read 'Yves Nadon', written over a horizontal line.

YVES NADON

Chief Financial Officer

OUR MEMBERS AND PARTNERS

AS AT MARCH 31, 2018

ALLIED PARTNERS

CelluForce

ASSOCIATES

2372892 Ontario Limited (Leaf Engineered Wood Products)

Able Woodwork

Badger Paddles

Belanger Laminés/Laminates VT

Bingwi Neyaashi Anishinaabek (Sand Point First Nation)

Camlen

Centre industriel multi-découpe
Abitibi.-Témiscamingue (CIMDAT)

Control Skateboards

Creations Thermodoor

Ébénisterie Beaubois

Elk Lake Community Forest

Forwood Products

Gang-Nail Trusses & Building
Components

Groupe Cabico

Herwynen Sawmill

La Mine de Bois

La Règle de Bedford

Les Armoires des Monts

Manitou Forest Products

Menuiserox

Meubles Busch (1980)

Meubles Mobican Furniture

Nicola Logworks

Normand Verville Enterprise

Obishikokaang Resource Corporation

PinkWood

Produits Boréal

Produits de bois St-Agapit

RF Kiln Tech Limited/Aqua Timber

SBC Le Spécialiste du bardeau de cèdre

Schramm's Woodcraft

Scierie Bionor

Scierie Fernand Rancourt

SJE Consulting

SnapCab

Sofo Kitchens

Technobois

Veolia North America

INDUSTRY MEMBERS

475 High Performance Building Supply

Acadian Timber/AT Limited Partnership

Alberta Newsprint Company (West
Fraser)

Alberta-Pacific Forest Industries

Altec Integrated Solutions

Assero Industrial Coatings

Atco Wood Products

Autolog

Axalta Coating Systems

Barrett Enterprises

Barrette Structural

BC Hydro

Bégin & Bégin

BID Group Technologies (Division of
Comact)

Boa-Franc

Bois CFM

Bois D'oeuvre Cedrico

Bois Expansion

Bois Granval GDS

Bois Marsoui GDS

Boisaco

Boise Cascade AllJoist

Boucher Bros. Lumber

BP Building Products of Canada

Brisco Manufacturing

Britco

Buckman Canada

C&C Wood Products

Canadian Kraft Paper Industries

Canfor Corporation

Canoe Forest Products

Carbotech International

Cascades Containerboard Packaging

Chantiers Chibougamau

Conifex Timber

Coopérative Forestière de la Matapédia

Coopérative Forestière des Hautes-
Laurentides

Corporation Internationale Masonite

Corruven

Damabois

Delco Forest Products

Delmhorst Instrument Co.

DK-Spec

Domtar Corporation

Dunkley Lumber

EACOM Timber Corporation

East Fraser Fiber Co.

Element5 Co.

Éloi Moisan

Finitec Canada

Forex Amos

Fortress Paper

Garant GP

GDS Industries

Genics

Georgia-Pacific

Gestion Forestiere Lacroix

Giguère & Morin

Groupe Concept PV

Groupe Crête Chertsey

Groupe Crête (Division of St-Faustin)

Harmac Pacific (Nanaimo Forest
Products)

Hultdins

Hybrid Joist

Interfor Corporation
 Island Timberlands
 J.M. Champeau
 Janssen PMP (Division of Janssen Pharmaceutica NV)
 Kenora Forest Products
 Kootenay Innovative Wood
 Kop-Coat
 Kruger
 Kruger Products
 Laboratoire Primattech
 Laurentide Industriel (Division of Société Laurentide)
 Lauzon – Planchers de bois exclusifs
 Les Industries JSP
 Les Planchers Mercier
 Liebherr Canada
 Lonza Wood Protection
 Louisiana-Pacific Canada
 Machinerie Lico
 Maibec
 Marcel Lauzon
 Matériaux Blanchet
 Matériaux Spécialisés de Louiseville
 McRae Lumber Company
 Meadow Lake OSB
 Mee-Toos Forest Products (Peter Ballantyne Development)
 Mercer International
 Meubles Canadel
 Mill & Timber Products
 Millar Western Forest Products
 Nawiinginiima Forest Management Corp.
 Norbord
 NorSask Forest Products
 Northland Forest Products
 North West Communities Wood Products
 Olofsfors
 Outils Gladu
 Pacific BioEnergy Corporation

Paper Excellence
 Peintures MF
 Performance BioFilaments
 Pinnacle Renewable Energy
 Planchers de bois-francs Wickham
 Planchers des Appalaches
 Port Hawkesbury Paper
 Preverco
 Pro-Systèmes
 Produits forestiers Arbec
 Produits forestiers Lamco
 Produits forestiers Petit Paris
 Prologic+
 PurChem Systems
 Rayonier Advanced Materials
 Resolute Forest Products
 Richmond Plywood Corporation
 Rio Tinto Minerals (U.S. Borax)
 Scierie Dion et Fils
 Scierie Duhamel
 Scierie St-Fabien
 SCS Forest Products
 Séchoir MEC
 Seven Islands Land Company
 Shelburne Wood Protection
 Silvana Import Trading
 Sinclar Group Forest Products
 Skeena Sawmills
 Société en Commandite Scieries Chaleur
 Spray Lake Sawmills (1980)
 Stella-Jones Canada
 Structurlam Mass Timber Corporation
 Tembec Resin Group
 The Sansin Corporation
 The Teal-Jones Group
 ThermoStructure
 Timber Specialties Co. (Division of Osmose Holdings)
 TimberWest Forest Corp.
 Tire Pressure Control International

Tolko Industries
 University of Northern British Columbia
 USNR
 VAB Solutions
 Vanderwell Contractors (1971)
 Vexco
 Viance
 Walker Emulsions
 Walls Alive Edmonton
 West Fraser
 Western Archrib
 Westmill Industries
 Weyerhaeuser Company
 White Birch Paper
 White River Forest Products
 Whitefeather Forest Community Resource Management Authority
 Woodtone Specialties
 Zavisha Sawmills

PERFORMANCE INNOVATION TRANSPORT (PIT) PROGRAM

Agropur
 Armour Transportation Systems
 Arnold Bros. Transport
 Arrow Transportation System
 Bison Transport
 Carmen Transportation
 Cascades Transport
 C.A.T.
 Centre de formation en Transport de Charlesbourg (CFTC)
 Centre de formation du Transport Routier de Saint-Jérôme (CFTR)
 Centre de gestion de l'équipement roulant (CGER)
 Charger Logistics
 C.R. England
 Eassons Transport
 Experior Transport
 Express Mondor
 Groupe Boutin

Groupe Goyette
 Groupe Morneau
 Groupe TYT
 Harnois Groupe Pétrolier
 Kemira
 Les services JAG
 Loblaw
 Martin Roy Transport
 Midland Transport
 Minimax Express
 Ministère des Transports, Mobilité durable et Électrification des transports du Québec
 Praxair
 Ontario Ministry of Transportation
 Skyline Transportation
 SLH Transport
 Sobeys
 Société des alcools du Québec
 Trailer Wizards
 Transport Bourassa
 Transport Bessette et Boudreau
 Transport Canada
 Transport Jacques Auger
 Transport Robert
 Trans-West
 US Xpress Logistics
 VersaCold Transportation Solutions
 Whitecourt Transport

WILDFIRE OPERATIONS (WFORG) PROGRAM

FUNDING PARTNERS

Alberta Agriculture and Forestry
 BC Hydro
 Conair Aerial Firefighting
 Coulson Group
 Genics
 Northwest Territories Ministry of Environment and Natural Resources
 Saskatchewan Ministry of Environment
 Yukon Department of Wildland Fire Management

AFFILIATES

Alberta-Pacific Forest Industries
 British Columbia Wildfire Service
 Canadian Forest Service
 fRI Research
 Forest Resource Improvement Association of Alberta (FRIAA)
 Millar Western Forest Products
 Parks Canada
 Partner in Protection Association
 Vanderwell Contractors (1971)

GOVERNMENT PARTNERS PROVINCES AND TERRITORIES

Government of Alberta
 Government of British Columbia
 Government of Manitoba
 Government of New Brunswick
 Government of Newfoundland and Labrador
 Government of Nova Scotia
 Government of Ontario
 Government of Québec
 Government of Saskatchewan
 Government of the Northwest Territories
 Government of Yukon

FEDERAL

Natural Resources Canada - Canadian Forest Service

OUR GOVERNANCE

AS AT MARCH 31, 2018

OFFICERS OF THE CORPORATION

Yvon Pelletier

Chairman of the Board of Directors

Stéphane Renou

President and CEO

Yves Nadon

Chief Financial Officer

Terry Knee

Corporate Secretary and Chief Communications Officer

BOARD OF DIRECTORS

Bruce Mayer

Alberta Agriculture and Forestry
Government of Alberta

Catherine Cobden

Cobden Strategies

Charles Tardif

Maibec

David Gandossi

Mercer International

Derek Nighbor

Forest Products Association of Canada

François D'Amours

Kruger

Frédéric Verreault

TACT Intelligence-conseil

James Gorman

West Fraser

Jason Fisher

Ministry of Forests, Lands, and Natural Resources
Operations
Government of British Columbia

Kathleen McFadden

Ministry of Natural Resources and Forestry
Government of Ontario

Kevin Edgson

EACOM Timber Corporation

Mark Feldinger

Canfor Corporation

Murray McLaughlin

Bioindustrial Innovation Canada

Pascale Lagacé

Resolute Forest Products

Yvon Pelletier

Fortress Paper Ltd.

OBSERVERS

André Denis

Ministry of Forests, Wildlife and Parks
Government of Quebec

Beth MacNeil

Canadian Forest Service – Natural Resources Canada



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