



MORE THAN
trees

2018 Financial Supplement
February 2019



Safe Harbor Statement

Forward-Looking Statements - Certain statements in this presentation regarding anticipated financial outcomes including Rayonier’s earnings guidance, if any, business and market conditions, outlook, expected dividend rate, Rayonier’s business strategies, including expected harvest schedules, timberland acquisitions and dispositions, the anticipated benefits of Rayonier’s business strategies, and other similar statements relating to Rayonier’s future events, developments or financial or operational performance or results, are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as “may,” “will,” “should,” “expect,” “estimate,” “believe,” “intend,” “project,” “anticipate” and other similar language. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking. While management believes that these forward-looking statements are reasonable when made, forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements.

The following important factors, among others, could cause actual results or events to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical and competitive nature of the industries in which we operate; fluctuations in demand for, or supply of, our forest products and real estate offerings; entry of new competitors into our markets; changes in global economic conditions and world events; fluctuations in demand for our products in Asia, and especially China; the uncertainties of potential impacts of climate-related initiatives; the cost and availability of third party logging and trucking services; the geographic concentration of a significant portion of our timberland; our ability to identify, finance and complete timberland acquisitions; changes in environmental laws and regulations regarding timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so; adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect our timberlands and the production, distribution and availability of our products; interest rate and currency movements; our capacity to incur additional debt; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors; changes in key management and personnel; our ability to meet all necessary legal requirements to continue to qualify as a real estate investment trust (“REIT”) and changes in tax laws that could adversely affect beneficial tax treatment; the cyclical nature of the real estate business generally; a downturn in the housing market; the lengthy, uncertain and costly process associated with the ownership, entitlement and development of real estate, especially in Florida, which also may be affected by changes in law, policy and political factors beyond our control; unexpected delays in the entry into or closing of real estate transactions; changes in environmental laws and regulations that may restrict or adversely impact our ability to sell or develop properties; the timing of construction and availability of public infrastructure; and the availability of financing for real estate development and mortgage loans.

For additional factors that could impact future results, please see Item 1A - Risk Factors in the Company’s most recent Annual Report on Form 10-K and similar discussion included in other reports that we subsequently file with the Securities and Exchange Commission (the “SEC”). Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward-looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our subsequent reports filed with the SEC.

Non-GAAP Financial Measures - To supplement Rayonier’s financial statements presented in accordance with generally accepted accounting principles in the United States (“GAAP”), Rayonier uses certain non-GAAP measures, including “cash available for distribution,” “pro forma revenues (sales),” “pro forma operating income,” “pro forma net income,” and “Adjusted EBITDA,” which are defined and further explained in this communication. Reconciliation of such measures to the nearest GAAP measures can also be found in this communication. Rayonier’s definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP.

Table of Contents

SECTION 1 Financial and Segment Information

SECTION 2 Supplemental Information

Section 1



Financial and Segment Information

Financial Highlights

(\$ in millions, except per share data)

Profitability	4Q 2018	3Q 2018	4Q 2017
Sales	\$166.1	\$200.9	\$239.7
Pro Forma Sales ⁽¹⁾	166.1	200.9	186.3
Operating Income	15.0	46.4	80.1
Pro Forma Operating Income ⁽¹⁾	15.0	46.4	41.3
Net Income Attributable to Rayonier Inc.	2.0	23.4	64.2
Pro Forma Net Income ⁽¹⁾	2.0	23.4	25.4
Adjusted EBITDA ⁽¹⁾	49.9	83.3	77.2
Diluted Earnings Per Share:			
Net Income Attributable to Rayonier Inc.	0.02	0.18	0.50
Pro Forma Net Income ⁽¹⁾	0.02	0.18	0.20
Average Diluted Shares (millions)	129.7	129.8	129.2

Capital Resources & Liquidity	Year Ended December 31,	
	2018	2017
Cash provided by Operating Activities	\$310.1	\$256.3
Cash used for Investing Activities ⁽²⁾	(132.9)	(235.3)
Cash used for Financing Activities	(193.7)	(6.9)
Cash Available for Distribution (CAD) ⁽¹⁾	240.1	188.7

	12/31/2018	12/31/2017
Debt ⁽³⁾	\$975.0	\$1,028.4
Cash ⁽⁴⁾	148.4	112.7
Net Debt	826.6	915.7
Net Debt / Enterprise Value ⁽⁵⁾	19%	18%

(1) Non-GAAP measures (see Section 2 — *Supplemental Information* for reconciliations).

(2) Cash used for Investing Activities excludes the change in restricted cash due to the Q1 2018 adoption of ASU No. 2016-18.

(3) Debt as of December 31, 2018 includes \$975.0 million of long-term borrowings, gross of \$2.4 million of deferred financing costs.

(4) Excludes \$7.5 million and \$59.2 million of restricted cash held by LKE intermediaries as of December 31, 2018 and December 31, 2017, respectively.

(5) Enterprise Value based on equity market capitalization plus net debt at December 31, 2018 and December 31, 2017, respectively.



Variance Analysis – 4Q 2017 to 4Q 2018

Operating Income (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
4Q17 Operating Income	\$7.2	\$2.4	\$16.1	\$58.8	\$1.2	(\$5.6)	\$80.1
Pro forma adjustments ⁽¹⁾	—	—	—	(38.8)	—	—	(38.8)
Pro forma Operating Income⁽¹⁾	\$7.2	\$2.4	\$16.1	\$20.0	\$1.2	(\$5.6)	\$41.3
Volume	0.9	(1.5)	0.2	(16.5)	—	—	(16.9)
Price ⁽²⁾	0.2	(4.8)	(3.2)	6.6	—	—	(1.2)
Cost	(0.1)	(0.5)	(0.5)	(0.4)	(0.9)	—	(2.4)
Non-timber income ⁽³⁾	(0.3)	0.2	1.3	—	—	—	1.2
Foreign exchange ⁽⁴⁾	—	—	(1.3)	—	—	—	(1.3)
Depreciation, depletion & amortization	(0.7)	0.1	—	(0.2)	—	—	(0.8)
Non-cash cost of land and improved development	—	—	—	(4.9)	—	—	(4.9)
Other	—	—	—	—	—	—	—
4Q18 Operating Income (Loss)	\$7.2	(\$4.1)	\$12.6	\$4.6	\$0.3	(\$5.6)	\$15.0

Adjusted EBITDA⁽¹⁾ (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
4Q17 Adjusted EBITDA	\$19.5	\$10.6	\$23.0	\$28.2	\$1.2	(\$5.3)	\$77.2
Volume	1.9	(3.5)	0.2	(22.3)	—	—	(23.7)
Price ⁽²⁾	0.2	(4.8)	(3.2)	6.6	—	—	(1.2)
Cost	(0.1)	(0.5)	(0.5)	(0.4)	(0.9)	—	(2.4)
Non-timber income ⁽³⁾	(0.3)	0.2	1.3	—	—	—	1.2
Foreign exchange ⁽⁴⁾	—	—	(1.5)	—	—	—	(1.5)
Other	—	—	—	0.3 ⁽⁵⁾	—	—	0.3
4Q18 Adjusted EBITDA	\$21.2	\$2.0	\$19.3	\$12.4	\$0.3	(\$5.3)	\$49.9

(1) Non-GAAP measure (see Section 2 — *Supplemental Information* for reconciliations).

(2) For Timber segments, price reflects net stumpage (i.e. net of cut and haul and shipping costs).

(3) For the New Zealand Timber segment, includes carbon credit sales.

(4) Net of currency hedging impact.

(5) Includes \$0.3 million of deferred revenue in 2017.

Variance Analysis – 2017 to 2018

Operating Income (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
2017 Operating Income	\$42.2	\$1.1	\$57.6	\$130.9	\$4.6	(\$20.9)	\$215.5
Pro forma adjustments ⁽¹⁾	—	—	—	(67.0)	—	0.7	(66.3)
Pro forma Operating Income⁽¹⁾	\$42.2	\$1.1	\$57.6	\$63.9	\$4.6	(\$20.2)	\$149.2
Volume	4.1	0.6	4.0	0.2	—	—	8.9
Price ⁽²⁾	(0.3)	7.1	(1.3)	25.5	—	—	31.0
Cost	(0.4)	(1.6)	(1.9)	1.4	(3.6)	(1.7)	(7.8)
Non-timber income ⁽³⁾	4.2	0.2	5.9	—	—	—	10.3
Foreign exchange ⁽⁴⁾	—	—	(1.2)	—	—	—	(1.2)
Depreciation, depletion & amortization	(5.6)	0.7	0.1	(5.5)	—	(0.4)	(10.7)
Non-cash cost of land and improved development	—	—	—	(9.3)	—	—	(9.3)
Other	—	—	(0.4) ⁽⁵⁾	—	—	—	(0.3)
2018 Operating Income	\$44.2	\$8.1	\$62.8	\$76.2	\$1.0	(\$22.3)	\$170.1

Adjusted EBITDA⁽¹⁾ (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
2017 Adjusted EBITDA	\$91.6	\$33.1	\$85.1	\$95.5	\$4.6	(\$19.4)	\$290.5
Volume	7.7	2.1	5.3	0.4	—	—	15.5
Price ⁽²⁾	(0.3)	7.1	(1.3)	25.5	—	—	31.0
Cost	(0.4)	(1.6)	(1.9)	1.4	(3.6)	(1.7)	(7.8)
Non-timber income ⁽³⁾	4.2	0.2	5.9	—	—	—	10.3
Foreign exchange ⁽⁴⁾	—	—	(1.9)	—	—	—	(1.9)
Other	—	—	(0.4) ⁽⁵⁾	0.6 ⁽⁶⁾	—	—	0.2
2018 Adjusted EBITDA	\$102.8	\$40.9	\$90.8	\$123.4	\$1.0	(\$21.1)	\$337.7

(1) Non-GAAP measures and pro forma items (see Section 2 — *Supplemental Information* for reconciliation).

(2) For Timber segments, price reflects net stumpage (i.e. net of cut and haul and shipping costs).

(3) For the New Zealand Timber segment, includes carbon credit sales.

(4) Net of currency hedging impact.

(5) Includes \$0.4 million from a settlement received in 2017.

(6) Includes \$0.6 million of deferred revenue in 2017.

Liquidity Measures – Cash Available for Distribution

(\$ in millions, except per share data)	Year Ended December 31,	
	2018	2017
Cash Provided by Operating Activities	\$310.1	\$256.3
Working capital and other balance sheet changes	(7.7)	(2.3)
Capital expenditures ⁽¹⁾	(62.3)	(65.3)
Cash Available for Distribution⁽²⁾	\$240.1	\$188.7
Net income	\$117.3	\$161.5
Interest, net and miscellaneous expense	29.7	32.2
Income tax expense	25.2	21.8
Depreciation, depletion and amortization	144.1	127.6
Non-cash cost of land and improved development	23.6	13.7
Non-operating income	(2.2)	—
Costs related to shareholder litigation ⁽²⁾	—	0.7
Large Dispositions ⁽²⁾	—	(67.0)
Adjusted EBITDA⁽²⁾	\$337.7	\$290.5
Cash interest paid ⁽³⁾	(33.1)	(36.0)
Cash taxes paid	(2.2)	(0.5)
Capital expenditures ⁽¹⁾	(62.3)	(65.3)
Cash Available for Distribution⁽²⁾	\$240.1	\$188.7
Cash Available for Distribution	240.1	188.7
Real estate development investments	(9.5)	(15.8)
Cash Available for Distribution after real estate development investments	\$230.6	\$172.9
Shares outstanding at period end	129,488,675	128,970,776
CAD per Share	\$1.85	\$1.46
Dividends per Share	\$1.06	\$1.00

(1) Capital expenditures exclude timberland acquisitions of \$57.6 million and \$242.9 million during the twelve months ended December 31, 2018 and December 31, 2017, respectively, as well as spending on the Rayonier office building of \$6.1 million during the twelve months ended December 31, 2017.

(2) Non-GAAP measure and pro forma item (see Section 2 — *Supplemental Information* for definitions).

(3) Cash interest paid is presented net of patronage refunds received of \$4.1 million and \$3.0 million for the twelve months ended December 31, 2018 and December 31, 2017, respectively.



Southern Timber Overview

	2017					2018				
	Q1	Q2	Q3	Q4	FY 2017	Q1	Q2	Q3	Q4	FY 2018
Sales Volume (Tons in 000s)										
Pine Pulpwood	823	764	818	698	3,103	943	905	828	768	3,444
Pine Sawtimber	505	520	469	439	1,933	580	503	427	524	2,034
Total Pine Volume	1,328	1,284	1,287	1,137	5,036	1,523	1,408	1,255	1,292	5,478
Hardwood	51	73	69	85	278	45	82	75	38	240
Total Volume	1,379	1,357	1,356	1,222	5,314	1,568	1,490	1,330	1,330	5,718
% Delivered Sales	20%	20%	23%	24%	22%	23%	29%	34%	35%	30%
% Stumpage Sales	80%	80%	77%	76%	78%	77%	71%	66%	65%	70%
Net Stumpage Pricing (\$ per ton)⁽¹⁾										
Pine Pulpwood	\$17.29	\$15.62	\$16.32	\$15.16	\$16.14	\$17.11	\$16.05	\$16.74	\$14.82	\$16.20
Pine Sawtimber	26.42	25.66	25.93	24.44	25.64	26.31	26.23	25.55	24.03	25.59
Weighted Average Pine	\$20.76	\$19.68	\$19.83	\$18.74	\$19.79	\$20.61	\$19.69	\$19.74	\$18.55	\$19.69
Hardwood	10.95	11.65	15.98	11.58	12.58	10.49	12.12	13.34	12.62	12.27
Weighted Average Total	\$20.40	\$19.25	\$19.63	\$18.24	\$19.41	\$20.32	\$19.27	\$19.36	\$18.37	\$19.37
Summary Financial Data (\$ in MM\$)										
Timber Sales	\$32.7	\$30.8	\$31.9	\$27.2	\$122.6	\$38.1	\$37.3	\$34.8	\$33.6	\$143.9
(-) Cut, Haul & Freight	(4.6)	(4.7)	(5.3)	(4.9)	(19.5)	(6.3)	(8.6)	(9.1)	(9.2)	(33.1)
Net Stumpage Sales	\$28.1	\$26.1	\$26.6	\$22.3	\$103.1	\$31.9	\$28.7	\$25.7	\$24.4	\$110.8
Non-Timber Sales	6.4	4.8	5.4	5.3	21.9	5.4	10.8	4.9	5.1	26.1
Total Sales	\$39.1	\$35.6	\$37.3	\$32.5	\$144.5	\$43.6	\$48.0	\$39.7	\$38.7	\$170.0
Operating Income	\$13.9	\$9.7	\$11.5	\$7.2	\$42.2	\$12.2	\$15.7	\$9.2	\$7.2	\$44.2
(+) DD&A	12.5	11.9	12.7	12.3	49.4	16.0	14.9	13.7	14.0	58.6
Adjusted EBITDA ⁽²⁾	\$26.4	\$21.6	\$24.2	\$19.5	\$91.6	\$28.2	\$30.6	\$22.9	\$21.2	\$102.8
Other Data										
Period End Acres (in 000s)	1,817	1,903	1,900	1,820	1,820	1,811	1,808	1,812	1,807	1,807

(1) Pulpwood and sawtimber product pricing for composite stumpage sales is estimated based on market data.

(2) Non-GAAP measure (see Section 2 — *Supplemental Information* for reconciliations)

Pacific Northwest Timber Overview

	2017					2018				
	Q1	Q2	Q3	Q4	FY 2017	Q1	Q2	Q3	Q4	FY 2018
Sales Volume (Tons in 000s)										
Pulpwood	89	71	59	57	276	75	94	73	57	299
Sawtimber	310	204	193	264	971	304	281	237	185	1,007
Total Volume	399	275	252	321	1,247	379	374	310	242	1,305
Northwest Sales Volume (Converted to MBF)										
Pulpwood	8,264	6,745	5,516	5,448	25,973	7,170	8,859	6,878	5,400	28,307
Sawtimber	39,458	26,758	25,380	33,981	125,577	38,810	37,414	32,194	24,377	132,795
Total Volume	47,722	33,503	30,896	39,429	151,550	45,980	46,273	39,072	29,777	161,102
% Delivered Sales	80%	99%	76%	80%	83%	79%	81%	90%	100%	86%
% Sawtimber Sales	78%	74%	76%	82%	78%	80%	75%	77%	76%	77%
Delivered Log Pricing (\$ per ton)										
Pulpwood	\$38.71	\$39.38	\$41.43	\$44.44	\$40.62	\$44.52	\$49.76	\$48.93	\$47.36	\$47.82
Sawtimber	74.88	81.93	89.62	95.34	84.55	95.45	103.38	102.74	81.14	96.24
Weighted Average Log Price	\$66.06	\$70.88	\$76.47	\$84.88	\$73.89	\$84.35	\$88.45	\$89.37	\$73.17	\$84.29
Summary Financial Data (\$ in MMs)										
Timber Sales	\$24.8	\$19.4	\$18.6	\$25.8	\$88.7	\$30.5	\$31.3	\$27.1	\$17.7	\$106.5
(-) Cut & Haul	(10.3)	(9.9)	(6.7)	(9.8)	(36.7)	(11.4)	(11.6)	(11.5)	(10.5)	(44.9)
Net Stumpage Sales	\$14.5	\$9.5	\$11.9	\$16.0	\$52.0	\$19.1	\$19.6	\$15.6	\$7.2	\$61.5
Non-Timber Sales	1.1	1.0	0.5	0.6	3.2	0.9	0.9	0.8	0.8	3.4
Total Sales	\$25.9	\$20.4	\$19.1	\$26.4	\$91.9	\$31.4	\$32.2	\$27.8	\$18.4	\$109.8
Operating Income (Loss)	(\$0.9)	(\$1.5)	\$1.1	\$2.4	\$1.1	\$4.7	\$5.6	\$1.9	(\$4.1)	\$8.1
(+) DD&A	10.2	7.0	6.5	8.2	32.0	9.5	9.4	7.8	6.1	32.8
Adjusted EBITDA⁽¹⁾	\$9.3	\$5.5	\$7.6	\$10.6	\$33.1	\$14.2	\$15.0	\$9.7	\$2.0	\$40.9
Other Data										
Period-End Acres (in 000s)	378	378	378	378	378	378	378	378	378	378
Northwest Sawtimber (\$ per MBF) ⁽²⁾	\$609	\$638	\$681	\$753	\$665	\$764	\$770	\$741	\$617	\$725
Estimated Percentage of Export Volume	25%	25%	30%	24%	26%	21%	27%	23%	23%	23%

(1) Non-GAAP measure (see Section 2 — Supplemental Information for reconciliations).

(2) Delivered Sawtimber excluding chip-n-saw.

New Zealand Timber Overview

	2017					2018				
	Q1	Q2	Q3	Q4	FY 2017	Q1	Q2	Q3	Q4	FY 2018
Sales Volume (Tons in 000s)										
Domestic Pulpwood (Delivered)	101	104	131	112	448	113	141	136	117	507
Domestic Sawtimber (Delivered)	196	217	239	200	852	185	235	243	201	864
Export Pulpwood (Delivered)	23	32	28	23	106	17	22	21	35	94
Export Sawtimber (Delivered)	180	263	376	314	1,133	244	340	323	302	1,210
Total Volume	500	616	774	649	2,539	558	738	724	655	2,675
Delivered Log Pricing (\$ per ton)										
Domestic Pulpwood	\$34.70	\$33.31	\$34.42	\$32.86	\$33.84	\$35.99	\$38.28	\$37.54	\$35.83	\$37.00
Domestic Sawtimber	78.45	79.04	83.61	83.02	81.12	87.02	86.21	80.74	79.54	83.29
Export Sawtimber	108.73	111.05	113.35	115.77	112.74	117.70	120.80	114.54	114.89	117.03
Weighted Average Log Price	\$81.42	\$85.78	\$90.28	\$90.95	\$87.61	\$90.62	\$93.46	\$88.35	\$89.19	\$90.44
Summary Financial Data (\$ in MMs)										
Timber Sales	\$40.7	\$52.9	\$69.9	\$59.0	\$222.5	\$50.6	\$69.0	\$63.9	\$58.4	\$241.9
(-) Cut & Haul	(16.0)	(19.5)	(24.8)	(20.3)	(80.6)	(18.3)	(24.6)	(22.2)	(20.8)	(85.9)
(-) Port / Freight Costs	(6.0)	(9.6)	(12.9)	(11.2)	(39.7)	(8.6)	(14.5)	(13.7)	(12.8)	(49.5)
Net Stumpage Sales	\$18.7	\$23.8	\$32.2	\$27.5	\$102.2	\$23.6	\$30.0	\$28.1	\$24.8	\$106.5
Non-Timber Sales/Carbon Credits	0.1	0.2	0.2	0.3	0.8	2.4	0.6	2.3	1.7	7.1
Total Sales	\$40.8	\$53.1	\$70.1	\$59.3	\$223.3	\$53.0	\$69.7	\$66.3	\$60.1	\$249.0
Operating Income	\$10.3	\$12.0	\$19.3	\$16.1	\$57.6	\$16.0	\$17.8	\$16.4	\$12.6	\$62.8
(+) DD&A	5.4	6.6	8.5	6.9	27.5	5.7	8.0	7.5	6.7	28.0
Adjusted EBITDA⁽¹⁾	\$15.7	\$18.6	\$27.8	\$23.0	\$85.1	\$21.7	\$25.8	\$24.0	\$19.3	\$90.8
Other Data										
NZ\$/US\$ Exchange Rate (Period-average rate)	0.7148	0.6985	0.7328	0.6972	0.7108	0.7236	0.7104	0.6755	0.6644	0.6935
Net Plantable Period-End Acres (in 000s)	298	294	294	293	293	293	294	290	289	289
Export Sawtimber (\$ / JAS m3)	\$126.38	\$129.06	\$131.80	\$134.61	\$131.08	\$136.85	\$140.46	\$133.18	\$133.59	\$136.07
Domestic Sawtimber (NZ\$ / tonne)	\$120.74	\$124.47	\$125.51	\$130.98	\$125.43	\$132.03	\$133.60	\$131.48	\$131.69	\$132.22

Real Estate Overview

	2017					2018				
	Q1	Q2	Q3	Q4	FY 2017	Q1	Q2	Q3	Q4	FY 2018
Gross Sales (\$ in MMs)										
Improved Development ⁽¹⁾	—	\$0.4	\$0.1	\$6.4	\$6.9	\$1.1	\$1.3	\$1.3	\$4.5	\$8.4
Unimproved Development	—	2.5	13.9	—	16.4	7.4	—	1.2	—	8.6
Rural	6.7	5.5	3.1	3.3	18.6	1.7	4.8	4.5	11.7	22.7
Non-strategic / Timberlands	5.6	41.8	0.2	23.0	70.6	25.8	43.7	29.2	0.2	98.9
Large Dispositions ⁽²⁾	42.0	—	—	53.4	95.4	—	—	—	—	—
Deferred revenue adjustments	—	(0.3)	—	(0.3)	(0.6)	—	—	—	—	—
Net Sales	\$54.3	\$49.9	\$17.3	\$85.9	\$207.3	\$36.1	\$49.9	\$36.2	\$16.5	\$138.6
Acres Sold										
Improved Development ⁽¹⁾	—	1.3	0.2	21.8	23.2	4.1	4.1	5.2	30.7	44.1
Unimproved Development	—	130	1,319	—	1,449	625	—	126	—	751
Rural	2,284	1,728	1,128	1,204	6,344	415	1,071	1,420	2,102	5,008
Non-strategic / Timberlands	3,923	15,379	102	6,249	25,653	7,181	14,729	5,785	116	27,811
Acres Sold	6,207	17,238	2,549	7,475	33,469	8,225	15,804	7,336	2,249	33,614
Large Dispositions ⁽²⁾	24,954	—	—	24,645	49,599	—	—	—	—	—
Total Acres Sold	31,161	17,238	2,549	32,120	83,068	8,225	15,804	7,336	2,249	33,614
Gross Price per Acre (\$ per acre)										
Improved Development ⁽¹⁾	—	\$324,427	\$269,412	\$295,083	\$296,550	\$280,691	\$317,008	\$260,721	\$147,883	\$189,154
Unimproved Development	—	19,195	10,540	—	11,318	11,922	—	9,325	—	11,486
Rural	2,950	3,178	2,771	2,721	2,937	3,977	4,509	3,161	5,575	4,530
Non-strategic / Timberlands	1,427	2,718	1,616	3,686	2,752	3,599	2,966	5,039	3,381	3,555
Large Dispositions ⁽²⁾	1,681	—	—	2,167	1,922	—	—	—	—	—
Weighted Avg. (Total) ⁽³⁾	\$1,988	\$2,913	\$6,764	\$4,378	\$3,362	\$4,387	\$3,153	\$4,929	\$7,406	\$4,121
Weighted Avg. (Adjusted) ⁽⁴⁾	\$1,988	\$2,888	\$6,747	\$3,530	\$3,158	\$4,250	\$3,071	\$4,749	\$5,460	\$3,878
Total Net Sales (Excluding Large Dispositions ⁽²⁾)	\$12.3	\$49.9	\$17.3	\$32.5	\$111.9	\$36.1	\$49.9	\$36.2	\$16.5	\$138.6
Operating Income	\$29.7	\$31.0	\$11.4	\$58.8	\$130.9	\$28.1	\$18.9	\$24.7	\$4.6	\$76.2
(-) Large Dispositions ⁽²⁾	(28.2)	—	—	(38.8)	(67.0)	—	—	—	—	—
Pro Forma Operating Income ⁽²⁾	\$1.5	\$31.0	\$11.4	\$20.0	\$63.9	\$28.1	\$18.9	\$24.7	\$4.6	\$76.2
(+) Depreciation, depletion and amortization	2.6	11.5	0.7	3.1	17.9	3.1	13.7	5.5	1.3	23.6
(+) Non-cash cost of land and improved development	4.5	2.9	1.3	5.1	13.7	1.6	13.3	2.1	6.5	23.6
Adjusted EBITDA ⁽²⁾	\$8.6	\$45.4	\$13.4	\$28.2	\$95.5	\$32.7	\$45.9	\$32.3	\$12.4	\$123.4

(1) Reflects land with capital invested in infrastructure improvements.

(2) Non-GAAP measure and pro forma item (see Section 2 — *Supplemental Information* for reconciliations).

(3) Excludes Large Dispositions.

(4) Excludes Improved Development and Large Dispositions.



Capital Expenditures By Segment

(\$ in millions)	Three Months Ended		Year Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Southern Timber				
Reforestation, Silviculture & Other Capital Expenditures	\$6.3	\$6.4	\$20.0	\$17.9
Property taxes	1.5	1.9	6.6	8.1
Lease payments	2.0	1.9	4.6	4.8
Allocated overhead	1.2	1.1	4.2	3.7
Subtotal Southern Timber	\$11.1	\$11.3	\$35.4	\$34.5
Pacific Northwest Timber				
Reforestation, Silviculture & Other Capital Expenditures	0.9	2.0	6.2	7.3
Property taxes	0.3	0.3	0.8	0.9
Allocated overhead	0.6	0.5	2.4	2.0
Subtotal Pacific Northwest Timber	\$1.7	\$2.8	\$9.3	\$10.2
New Zealand Timber				
Reforestation, Silviculture & Other Capital Expenditures	2.6	2.5	9.7	9.1
Property taxes	0.2	0.2	0.7	0.7
Lease payments	1.7	1.9	4.1	4.4
Allocated overhead	0.7	0.7	2.8	2.9
Subtotal New Zealand Timber	\$5.3	\$5.3	\$17.3	\$17.1
Total Timber Segments Capital Expenditures	\$18.1	\$19.4	\$62.0	\$61.8
Real Estate	0.1	0.2	0.3	1.3
Corporate	—	—	—	2.2
Total Capital Expenditures	\$18.2	\$19.6	\$62.3	\$65.3
Timberland Acquisitions				
Southern Timber	18.6	3.9	45.9	220.0
Pacific Northwest Timber	—	—	—	1.5
New Zealand Timber	—	—	11.7	21.4
Subtotal Timberland Acquisitions	\$18.6	\$3.9	\$57.6	\$242.9
Real Estate Development Investments	\$2.6	\$4.0	\$9.5	\$15.8
Rayonier Office Building	—	\$0.1	—	\$6.1

2019 Financial Guidance

(\$ in millions)	2018	Guidance	
Timber Volumes (tons in millions)			
Southern Timber	5.7	6.2 -	6.3
Pacific Northwest Timber	1.3	1.3 -	1.4
New Zealand Timber	2.7	2.7 -	2.8
Total	9.7	10.2 -	10.5
Segment Adjusted EBITDA⁽¹⁾			
Southern Timber	\$102.8	\$111.0 -	\$115.0
Pacific Northwest Timber	40.9	30.0 -	34.0
New Zealand Timber	90.8	83.0 -	89.0
Real Estate	123.4	67.0 -	72.0
Trading	1.0	1.0 -	2.0
Corporate and Other	(21.1)	(22.0) -	(22.0)
Total	\$337.7	\$270.0 -	\$290.0
Segment DD&A			
Southern Timber	\$58.6	\$60.0 -	\$61.0
Pacific Northwest Timber	32.8	33.0 -	35.5
New Zealand Timber	28.0	29.0 -	30.0
Real Estate	23.6	15.0 -	16.0
Trading	—	— -	—
Corporate and Other	1.2	1.0 -	1.0
Total	\$144.1	\$138.0 -	\$143.5
Non-cash cost of land and improved development	\$23.6	\$19.0 -	\$21.0
Segment Operating Income			
Southern Timber	\$44.2	\$51.0 -	\$54.0
Pacific Northwest Timber	8.1	(3.0) -	(1.5)
New Zealand Timber	62.8	54.0 -	59.0
Real Estate	76.2	33.0 -	35.0
Trading	1.0	1.0 -	2.0
Corporate and Other	(22.3)	(23.0) -	(23.0)
Total	\$170.1	\$113.0 -	\$125.5
Capital Expenditures	\$62.3	\$65.0 -	\$69.0
Diluted Earnings Per Share	\$0.79	\$0.46 -	\$0.53



(1) Non-GAAP measure and pro forma item (see Section 2 — *Supplemental Information* for definitions).

Section 2



Supplemental Information

Definitions of Non-GAAP Measures and Pro Forma Items

Pro Forma Sales is defined as revenue adjusted for Large Dispositions. Rayonier believes that this non-GAAP financial measure provides investors with useful information to evaluate our core business operations because it excludes specific items that are not indicative of ongoing operating results.

Pro Forma Operating Income is defined as operating income adjusted for costs related to shareholder litigation and Large Dispositions. Rayonier believes that this non-GAAP financial measure provides investors with useful information to evaluate our core business operations because it excludes specific items that are not indicative of ongoing operating results.

Pro Forma Net Income is defined as net income attributable to Rayonier Inc. adjusted for costs related to shareholder litigation and Large Dispositions. Rayonier believes that this non-GAAP financial measure provides investors with useful information to evaluate our core business operations because it excludes specific items that are not indicative of ongoing operating results.

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and improved development, non-operating income and expense, costs related to shareholder litigation and Large Dispositions. Adjusted EBITDA is a non-GAAP measure that management uses to make strategic decisions about the business and that investors can use to evaluate the operational performance of the assets under management. It removes the impact of specific items that management believes do not directly reflect the core business operations on an ongoing basis.

Cash Available for Distribution (CAD) is defined as cash provided by operating activities adjusted for capital spending (excluding timberland acquisitions and spending on the Rayonier office building) and working capital and other balance sheet changes. CAD is a non-GAAP measure that management uses to measure cash generated during a period that is available for common stock dividends, distributions to the New Zealand minority shareholder, repurchase of the Company's common shares, debt reduction, strategic acquisitions and real estate development investments. CAD is not necessarily indicative of the CAD that may be generated in future periods.

Costs related to shareholder litigation is defined as expenses incurred as a result of the securities litigation, the shareholder derivative demands and the Securities and Exchange Commission investigation. See Note 10—*Contingencies* of Item 8 — Financial Statements and Supplementary Data in the Company's most recent Annual Report on Form 10-K. In addition, these costs include the costs associated with the Company's response to a subpoena it received from the SEC in November 2014. In July 2016, the Division of Enforcement of the SEC notified the Company that it had concluded its investigation into the Company.

Large Dispositions are defined as transactions involving the sale of timberland that exceed \$20 million in size and do not have a demonstrable premium relative to timberland value.

Reconciliation of Reported to Pro Forma Earnings

(\$ in millions, except per share amounts)

Three Months Ended	December 31, 2018		September 30, 2018		December 31, 2017	
	\$	EPS	\$	EPS	\$	EPS
Sales	\$166.1		\$200.9		\$239.7	
Large Dispositions ⁽¹⁾	—		—		(53.4)	
Pro Forma Sales	\$166.1		\$200.9		\$186.3	
Net Income attributable to Rayonier Inc.	\$2.0	\$0.02	\$23.4	\$0.18	\$64.2	\$0.50
Large Dispositions ⁽¹⁾	—	—	—	—	(38.8)	(0.30)
Pro Forma Net Income	\$2.0	\$0.02	\$23.4	\$0.18	\$25.4	\$0.20

Year Ended	December 31, 2018		December 31, 2017	
	\$	EPS	\$	EPS
Sales	\$816.1		\$819.6	
Large Dispositions ⁽¹⁾	—		(95.4)	
Pro Forma Sales	\$816.1		\$724.2	
Net Income attributable to Rayonier Inc.	\$102.2	\$0.79	\$148.8	\$1.16
Costs related to shareholder litigation ⁽¹⁾	—	—	0.7	0.01
Large Dispositions ⁽¹⁾	—	—	(67.0)	(0.52)
Pro Forma Net Income	\$102.2	\$0.79	\$82.5	\$0.65



(1) Pro forma items (see page 16 for definitions).

Reconciliation of Operating Income (Loss) to Adjusted EBITDA by Segment

(\$ in millions)

Three Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
December 31, 2018							
Operating income (loss)	\$7.2	(\$4.1)	\$12.6	\$4.6	\$0.3	(\$5.6)	\$15.0
Depreciation, depletion & amortization	14.0	6.1	6.7	1.3	—	0.3	28.4
Non-cash cost of land and improved development	—	—	—	6.5	—	—	6.5
Adjusted EBITDA	\$21.2	\$2.0	\$19.3	\$12.4	\$0.3	(\$5.3)	\$49.9
September 30, 2018							
Operating income	\$9.2	\$1.9	\$16.4	\$24.7	\$0.3	(\$6.2)	\$46.4
Depreciation, depletion & amortization	13.7	7.8	7.5	5.5	—	0.3	34.8
Non-cash cost of land and improved development	—	—	—	2.1	—	—	2.1
Adjusted EBITDA	\$22.9	\$9.7	\$24.0	\$32.3	\$0.3	(\$5.9)	\$83.3
December 31, 2017							
Operating income	\$7.2	\$2.4	\$16.1	\$58.8	\$1.2	(\$5.6)	\$80.1
Large Dispositions ⁽¹⁾	—	—	—	(38.8)	—	—	(38.8)
Pro forma operating income	\$7.2	\$2.4	\$16.1	\$20.0	\$1.2	(\$5.6)	\$41.3
Depreciation, depletion & amortization	12.3	8.2	6.9	3.1	—	0.3	30.8
Non-cash cost of land and improved development	—	—	—	5.1	—	—	5.1
Adjusted EBITDA	\$19.5	\$10.6	\$23.0	\$28.2	\$1.2	(\$5.3)	\$77.2



(1) Pro forma items (see page 16 for definitions).

Reconciliation of Operating Income to Adjusted EBITDA by Segment

(\$ in millions)

Year Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and other	Total
December 31, 2018							
Operating income	\$44.2	\$8.1	\$62.8	\$76.2	\$1.0	(\$22.3)	\$170.1
Depreciation, depletion & amortization	58.6	32.8	28.0	23.6	—	1.2	144.1
Non-cash cost of land and improved development	—	—	—	23.6	—	—	23.6
Adjusted EBITDA	\$102.8	\$40.9	\$90.8	\$123.4	\$1.0	(\$21.1)	\$337.7
December 31, 2017							
Operating income	\$42.2	\$1.1	\$57.6	\$130.9	\$4.6	(\$20.9)	\$215.5
Costs related to shareholder litigation ⁽¹⁾	—	—	—	—	—	0.7	0.7
Large Dispositions ⁽¹⁾	—	—	—	(67.0)	—	—	(67.0)
Pro forma operating income	\$42.2	\$1.1	\$57.6	\$63.9	\$4.6	(\$20.2)	\$149.2
Depreciation, depletion & amortization	49.4	32.0	27.5	17.9	—	0.8	127.6
Non-cash cost of land and improved development	—	—	—	13.7	—	—	13.7
Adjusted EBITDA	\$91.6	\$33.1	\$85.1	\$95.5	\$4.6	(\$19.4)	\$290.5