Management's Discussion and Analysis

For the three and six months ended June 30, 2019 and 2018

This Management's Discussion and Analysis ("MD&A") of Taiga Building Products Ltd. ("Taiga" or the "Company") has been prepared based on information available as at August 8, 2019 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the corresponding notes thereto for the three and six months ended June 30, 2019 and 2018. This discussion and analysis provides an overview of significant developments that have affected Taiga's performance during the three and six months ended June 30, 2019.

The financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which is the required reporting framework for Canadian publicly accountable enterprises, and it is expressed in Canadian dollars.

Taiga's consolidated financial statements and the accompanying notes included within this report include the accounts of Taiga and its subsidiaries. Unless otherwise noted, all references in this MD&A to "dollars" or "$" are to Canadian dollars.

Unless otherwise noted, there are no material changes to the Company's contractual obligations and risks and uncertainties as described in its management's discussion and analysis for the year ended December 31, 2018.

Additional information relating to the Company including the Company's Annual Information Form dated February 22, 2019 can be found on SEDAR at www.sedar.com.

Forward-Looking Information:

This MD&A contains certain forward-looking information relating, but not limited, to future events or performance and strategies and expectations of Taiga. Forward-looking information typically contains statements with words such as "consider", "anticipate", "believe", "expect", "plan", "intend", "likely", "may", "will", "should", "predict", "potential", "continue" or similar words suggesting future outcomes or statements regarding expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Examples of such forward-looking information within this document include statements relating to: the Company's perception of the building products industry and markets in which it participates and anticipated trends in such markets in any of the countries in which the Company does business; the Company's anticipated business operations, inventory levels and ability to meet order demand; the Company's anticipated ability to procure products and its relationship with suppliers; sufficiency of cash flows; and the anticipated outcome of legal and regulatory proceedings. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information. Forward-looking information reflects management's current expectations or beliefs and is based on information currently available to Taiga and although Taiga believes it has a reasonable basis for providing the forward-looking information included in this document, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information of Taiga involves numerous assumptions and inherent risks and uncertainties, both general and specific that contribute to the possibility that the predictions, forecasts and other forward-looking information will not occur. These factors include, but are not limited to: changes in business strategies; the effects of legal or regulatory proceedings, competition and pricing pressures; changes in operational costs; changes in laws and regulations, including tax, environmental, employment, competition, anti-terrorism and trade laws and Taiga's anticipation of and success in managing the risks associated with the foregoing; and other risks detailed in this MD&A and Taiga's filings with the Canadian securities regulatory authorities available at www.sedar.com. Forward-looking information speaks only as of the date of this discussion and analysis. Taiga does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Non-IFRS Financial Measure:

In this MD&A, reference is made to EBITDA, which represents earnings before interest, taxes, and amortization. As there is no generally accepted method of calculating EBITDA, the measure as calculated by Taiga might not be comparable to similarly titled measures reported by other issuers. EBITDA is presented as management believes it is a useful indicator of the Company's ability to meet debt service and capital expenditure requirements and because management interprets trends in EBITDA as an indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS. Reconciliations of EBITDA to net earnings reported in accordance with IFRS are included in this MD&A.

Market and Industry Data:

Unless otherwise indicated, the market and industry data contained in this MD&A is based upon information of independent industry and government publications and management's knowledge of, and experience in, the markets in which the Company operates. While management believes this data to be reliable, market and industry data is subject to variation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third party sources referred to in this MD&A and no representation is given as to the accuracy of any of the data referred to in this MD&A obtained from third party sources.

1. Business Overview

Taiga is the largest independent wholesale distributor of building products in Canada. Taiga distributes building products in Canada, the United States and overseas. As a wholesale distributor, Taiga maintains substantial inventories of building products at fifteen strategically located distribution centres throughout Canada and two distribution centres in California and one in Washington. In addition, Taiga regularly distributes through the use of third party reload centres. Taiga also owns and operates four wood preservation plants that produce pressure-treated wood products. Factors that affect Taiga's year-over-year profitability include, among others, sales levels, price fluctuations and product mix.

Taiga's primary market is Canada. Taiga expects the Canadian housing market in calendar year 2019 to decline compared to calendar year 2018. Taiga's secondary market, the United States, is expected to stay flat in 2019 compared to calendar year 2018. See Item 10 "Outlook".

2. Results of Operations

Sales

The Company's consolidated net sales for the quarter ended June 30, 2019 were $354.7 million compared to $422.9 million over the same period last year. The decrease in sales by $68.2 million or 16% was largely due to decreased selling prices for commodity products; this was offset by the inclusion of Exterior Wood Inc.'s results, which was acquired in July of 2018.

Consolidated net sales for the six months ended June 30, 2019 were $642.1 million compared to $747.5 million over the same period last year. The decrease in sales by $105.4 million or 14% was largely due to decreased selling prices for commodity products; this was offset by the inclusion of Exterior Wood Inc.'s results, which was acquired in July of 2018.

Sales by segments are as follows:

	Revenue by Point of Sale							
	Three months ended June 30,				Six months ended June 30,			
	2019		2018		2019		2018	
	$000's	%	$000's	%	$000's	%	$000's	%
Canada	284,370	80.2	371,011	87.7	521,999	81.3	653,817	87.5
United States	70,353	19.8	51,864	12.3	120,123	18.7	93,655	12.5

For the quarter ended June 30, 2019, export sales totalled $44.7 million compared to $71.5 million in the previous year. For the six months period ended June 30, 2019, export sales were $84.8 million (2018 - $128.3 million). These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.

The Company's sales of dimension lumber and panels, as a percentage of total sales, were 53.9% for the quarter ended June 30, 2019 and 65.7% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, were 46.1% for the quarter ended June 30, 2019 and 34.3% over the same period last year.

The Company's sales of dimension lumber and panel, as a percentage of total sales, were 55.1% for the six months ended June 30, 2019, compared to 65.8% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, were 44.9% for the six months period ended June 30, 2019, compared to 34.2% over the same period last year.

Gross Margin

Gross margin for the quarter ended June 30, 2019 decreased to $34.9 million from $39.4 million over the same period last year The decrease in gross margin was primarily due to lower commodity prices in the current quarter compared to the same quarter last year; this was offset by the inclusion of Exterior Wood Inc.'s results, which was acquired in July of 2018.

Gross margin for the six months ended June 30, 2019 decreased to $62.4 million from $70.2 million over the same period last year. Gross margin percentage was 9.7% for the six months ended June 30, 2019 compared to 9.4% in the same period last year.

Expenses

Distribution expenses for the quarter ended June 30, 2019 were $6.9 million compared to $6.0 million over the same period last year. For the six months period ended June 30, 2019, distribution expenses increased to $12.8 million compared to $11.9 million over the same period last year primarily due to the addition of Exterior Wood's delivery and salary and wages expenses.

Selling and administration expenses for the quarter ended June 30, 2019 decreased to $14.4 million compared to $18.7 million over the same period last year. Selling and administration expenses for the six months ended June 30, 2019 decreased to $27.6 million compared to $33.3 million over the same period last year. These decreases were primarily due to lower compensation costs.

Finance expenses for the quarter ended June 30, 2019 were $2.8 million compared to $1.6 million over the same period last year. Finance expenses for the six months period ended June 30, 2019 increased to $5.1 million compared to $2.9 million for the same period last year. The increase was due to the adoption of IFRS 16 as well as more interest expenses on additional long term debt.

Other income was $0.1 million for both the quarter ended June 30, 2019 and the quarter ended June 30, 2018. Other income was $0.1 million for the six months ended June 30, 2019 compared to $0.2 million over the same period last year.

Net Earnings

Net earnings for the quarter ended June 30, 2019 increased to $7.1 million from $6.4 million for the same period last year primarily due to the foregoing. Net earnings for the six months period ended June 30, 2019 was $11.8 million compared to $13.1 million over the same period last year.

EBITDA

EBITDA for the quarter ended June 30, 2019 was $16.4 million compared to $16.1 million for the same period last year. For the six months ended June 30, 2019, EBITDA was $27.5 million compared to $27.6 million over the same period last year.

Reconciliation of net earnings to EBITDA:

	Three months ended June 30,		**Six months ended June 30,**	
(in thousands of dollars)	**2019**	**2018**	**2019**	**2018**
Net earnings	7,071	6,358	11,768	13,148
Income taxes	3,512	6,685	4,761	8,791
Finance and subordinated debt interest expense	3,059	1,919	5,508	3,414
Amortization	2,770	1,166	5,491	2,294
EBITDA	16,412	16,128	27,528	27,647

3. Cash Flows

Operating Activities

Cash flows from operating activities provided cash of $1.2 million for the quarter ended June 30, 2019 compared to using $20.3 million for the same period last year. Cash flows from operating activities used cash of $44.5 million for the six months ended June 30, 2019 compared to $80.1 million for the same period last year. Changes between the comparative periods were primarily due to changes in non-cash working capital.

Investing Activities

Investing activities used cash of $2.2 million for the quarter ended June 30, 2019 compared to $0.9 million over the same period last year. Investing activities used cash of $3.0 million for the six months ended June 30, 2019 compared to $1.7 million for the same period last year.

Financing Activities

Financing activities provided cash of $1.0 million for the quarter ended June 30, 2019 compared to $21.2 million for the same period last year. Financing activities provided cash of $47.5 million during the six months ended June 30, 2019 compared to $81.8 million during the same period last year. The decrease was due to less borrowing from the Company's revolving credit facility combined with greater repayments of long term debt and lease obligations.

4. Summary of Quarterly Results

	Year ended December 31, 2019		**Year ended December 31, 2018**				**Period ended December 31, 2017**	
(in thousands of dollars, except per share amount in dollars)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q3**	**Q2**
Sales	354,723	287,399	303,879	399,634	422,875	324,597	329,821	396,629
Net earnings (loss)	7,071	4,697	1,540	5,579	6,358	6,790	(15,195)	5,980
Net earnings (loss) per share(1)	0.06	0.04	0.01	0.05	0.05	0.06	(0.20)	0.18
EBITDA	16,412	11,116	5,795	9,228	16,128	11,519	(9,142)	16,242

Notes:

(1) The amounts are identical on a basic and fully-diluted per share basis. Earnings per share is calculated using the weighted-average number of shares.

Seasonality

Taiga's sales are subject to seasonal variances that fluctuate in accordance with the normal home building season. Taiga generally experiences higher sales in the quarters ended June 30 and September 30 and reduced sales in the late fall and winter during its quarters ended December 31 and March 31 of each fiscal year.

5. Liquidity and Capital Resources

Revolving Credit Facility

On June 28, 2018, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "Facility"). The Facility was increased from $225 million to $250 million, with an option to increase the limit by up to $50 million. The Facility also features an ability to draw on additional term loans in an aggregate amount of approximately $23 million at favorable rates, which Taiga utilized for the Business Acquisition referred to in Note 6 of the Notes to the Audited Consolidated Financial Statements. The Facility continues to bear interest at variable rates plus variable margins, is secured by a first perfected security interest in all personal property of the Company and certain of its subsidiaries, and will mature on June 28, 2023. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at June 30, 2019.

Taiga expects to meet its future cash requirements through a combination of cash generated from operations and its credit facilities. However, any severe weakening of the Canadian housing market driving reduced product demand or a significant increase in bad debts in accounts receivable could adversely impact the Company's liquidity in the short term.

Working Capital

Working capital as at June 30, 2019 decreased to $104.2 million from $108.4 million as at December 31, 2018 due to increased liabilities. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

(in thousands of dollars)	**June 30, 2019**	**June 30, 2018**	**December 31, 2018**
Current Assets	319,320	353,713	246,923
Current Liabilities (excluding Revolving Credit Facility)	(94,973)	(105,252)	(73,942)
Revolving Credit Facility	(120,110)	(139,283)	(64,551)
Working Capital	**104,237**	**109,178**	**108,430**
Long Term Assets	165,813	39,188	79,078
Long Term Liabilities (excluding Subordinated Notes)	(125,923)	(25,077)	(56,702)
Subordinated Notes	(12,500)	(12,500)	(12,500)
Shareholders' Equity (Deficiency)	**131,627**	**110,789**	**118,306**

Assets

Total assets were $485.1 million as at June 30, 2019 compared to $326.0 million as at December 31, 2018. The increase was primarily the result of the adoption of IFRS 16, combined with additional accounts receivable and inventories.

Inventories increased to $155.8 million as at June 30, 2019 compared to $149.5 million as at December 31, 2018, primarily due to seasonal ramp up of inventories which led to greater inventories on hand.

Property, plant and equipment increased to $139.0 million as at June 30, 2019 compared to $50.3 million as at December 31, 2018 primarily due to the adoption of IFRS 16 which led to lease obligations being capitalized as right of use assets. Please see Note 3 of the Unaudited Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2019 for more information on the impact of IFRS 16.

Liabilities

Total liabilities increased to $353.5 million as at June 30, 2019 from $207.7 million as at December 31, 2018. The increase was primarily the result of the adoption of IFRS 16.

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On August 8, 2019, there were 116,823,109 shares issued and 115,563,638 common shares outstanding.

On August 8, 2019, the Company commenced a Normal Course Issuer Bid ("NCIB") for its common shares. Under the terms of the NCIB, the Company may purchase up to 5,778,181 of its 115,563,638 outstanding Common Shares, representing 5% of the outstanding Common Shares. The Company did not purchase any of its common shares for the three and six months ended June 30, 2019. The Common Shares purchased by the Company are being held as Treasury Stock.

6. Commitments and Contingencies

Canada Revenue Agency Reassessment

During the year ended March 31, 2017, Taiga received a notice of reassessment from the Canada Revenue Agency in the amount of approximately $42,000,000 (which includes interest) relating to the years from 2005 to 2013. The reassessment related to the amount of taxes withheld, by Taiga, on dividends paid or deemed to have been paid to what were then the Company's two largest shareholders in connection with and subsequent to Taiga's corporate reorganization in 2005 involving a swap of then outstanding common shares for stapled units. Taiga paid the full amount of the reassessment on January 31, 2017 using proceeds provided by its two former major shareholders. The Company, and the two former major shareholders, had previously entered into agreements whereby the shareholders agreed to fully indemnify the Company from this potential liability, including related liabilities. The indemnity agreements remain in effect and would apply in the event that CRA issues further reassessments relating to the amount of taxes withheld. The Company intends to challenge the reassessment and vigorously defend its tax filings and to seek a resolution as soon as practically possible. Taiga's two former major shareholders may elect to assume any action or defense of Taiga in connection with the foregoing pursuant to the terms of the indemnity agreements with Taiga.

7. Critical Accounting Policies and Estimates, and Future Accounting Changes

The significant accounting policies of Taiga are described in Note 3 to the Consolidated Financial Statements for the year ended December 31, 2018.

The preparation of financial statements in conformity with IFRS requires management to make assumptions and estimates that affect the amounts reported in the financial statements and notes thereto. Financial results as determined by actual events could be different from those estimates. These estimates are described in the management's discussion and analysis for the year ended December 31, 2018 and there have been no material changes to such policies and estimates since that time.

8. Off-Balance Sheet Arrangements

Taiga does not have off-balance sheet arrangements except for commitments under operating leases as discussed under "Commitments and Contingencies" in this Management's Discussion and Analysis.

For a detailed description of financial instruments and their associated risks, see Note 24 to the Company's audited consolidated financial statements for the period ended December 31, 2018.

9. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Taiga’s management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal controls over financial reporting (“ICFR”) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS.

The CEO and CFO of Taiga acknowledge responsibility for the design of ICFR and confirm that there were no changes in these controls that occurred during the quarter ended June 30, 2019 which materially affected, or are reasonably likely to materially affect the Company’s ICFR.

10. Outlook

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets. These markets are affected by the strength or weakness in the general economy and as such are influenced by interest rates and other general market indicators.

In Canada, according to the Canada Mortgage and Housing Corporation (“CMHC”) Housing Market Outlook, Canadian Edition for Fall 2018, housing starts are forecasted to range from 193,700 to 204,500 units in the 2019 calendar year. CMHC is reporting that housing starts will decline by the end of 2019 compared to 2018.

In the United States, the National Association of Home Builders reported in June 2019 that housing starts are forecasted to total 1,243,000 units in the 2019 calendar year compared to 1,249,000 units in calendar year 2018.