



Canfor Corporation

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CANFOR

CIBC Western Institutional Investor Conference



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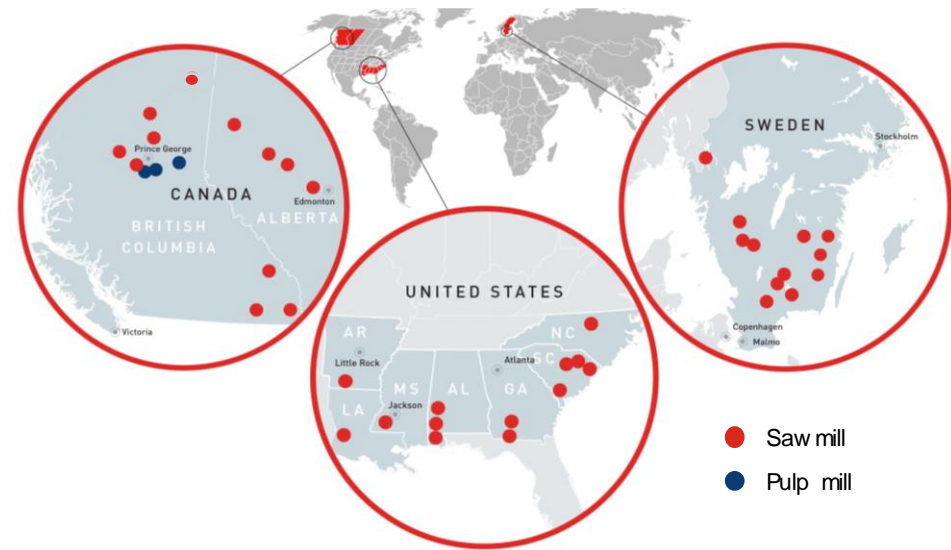
Director, Corporate Finance

The presentation and answers to questions today contain forward-looking statements which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Factors that could have a material impact on any future oriented statements made herein include, but are not limited to: general economic, market and business conditions, product selling prices, raw material and operating costs, foreign exchange rates, interest rates, changes in law and public policy, the outcome of trade disputes, and opportunities available to or pursued by the Company.

For further details on these factors and our assumptions and applicable risks and uncertainties, please refer to Canfor Corporation's Annual Report for the year ended December 31, 2022 available at www.canfor.com or www.sedar.com.

Company Overview

- Global leader in the manufacturing of sustainable forest products
- Geographic and product diversification supporting earnings through the cycle
- Well positioned for further growth



LUMBER



37 Sawmills*

7.4 BBF Annual Capacity*

Global Platform

Worlds Largest Softwood Lumber Producer

PULP + PAPER



3 Mills

775K tonnes of Northern Softwood Kraft pulp

Integrated Paper Machine (~140K tonnes annual capacity)

High-value product focus

OTHER OPERATIONS



16 Value-Added Facilities

Glulam

Pellet Plants

Green Energy

Packaging

Modular Housing

*Includes organic growth in Arkansas (115 MMfbm, 2024), Greenfield sawmill in Alabama (net increase of 130 MMfbm, 2024), Houston sawmill (350 MMfbm, 2026)

Our Sustainability Approach

Our vision is to create a future as sustainable as the forests.

We begin with a deep respect for the people our business touches, the products we create and the planet we rely on to thrive. When we enable sustainability through these pillars, we position ourselves for long-term growth and impact.



Our people and communities thrive because we are focused on inclusion, equity and wellness everyday.

Safety, Health & Wellness

We're committed to a zero-incident workplace and supporting the health and wellness of our people.

Indigenous Relations

We aspire to be a partner of choice for Indigenous Peoples, a privilege afforded by fostering strong relationships and deeply respecting Indigenous histories, cultures, values, and beliefs.

Inclusion & Diversity

We will foster a more inclusive and equitable culture and increase the diversity in our workforce.

Human Rights

We are committed to respecting human rights across our company, value chain and with stakeholders & partners in our communities.

Community Engagement

We will be an active corporate citizen focused on supporting education, community, sustainability and health initiatives.

Our practices and products play an integral role in helping to protect the planet and mitigate climate change.

Sustainable Forestry

We are committed to practicing world class sustainable forestry that will result in resilient, productive and biodiverse forests.

Climate Change

We are committed to playing a leading role in the transition to a low-carbon economy.

Air Quality

We will continuously improve emissions management and achieve full regulation compliance.

Water Management

We will continuously improve and achieve full compliance for water usage and discharge.

Our products are sustainable because our manufacturing and supply chain is optimized for responsible resource use.

Supply Chain Management

We are committed to embedding sustainability throughout our supply chain.

Energy Management

We will decrease the energy intensity of the manufacturing process and continue to generate surplus clean energy.

Waste & Residuals Management

We will optimize fiber utilization and minimize landfill waste.

Our Climate Ambition



As we make progress on our climate journey, we will continue to explore opportunities to reduce carbon emissions across our value chain

TARGETS

Reduce absolute scope 1 and scope 2 carbon emissions by 42% by 2030 from a 2020 base year



Measure our scope 3 emissions and establish a science-based reduction target by 2024

EMISSIONS SOURCES

SCOPE 1 & 2 EMISSIONS

SCOPE 1: All **direct emissions** from Canfor's activities or activities under our control. E.g., emissions released from generating electricity on site.

SCOPE 2: **Indirect emissions** from the electricity Canfor purchases and uses. E.g., emissions from electricity purchased from the grid.



LUMBER OPERATIONS



PULP OPERATIONS



SCOPE 3 EMISSIONS

SCOPE 3: All **other indirect emissions**, occurring from sources that Canfor does not own or control. E.g., emissions from the transportation of products via rail.



WOODLANDS

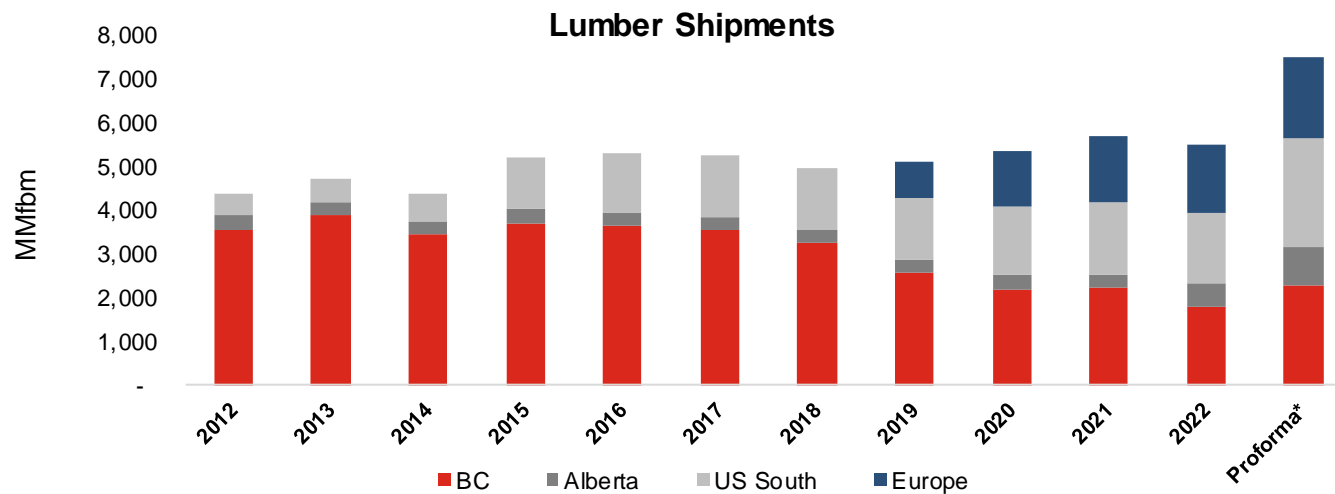


OTHER VALUE CHAIN EMISSIONS

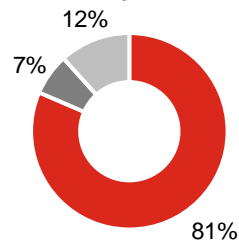
We plan to invest at least \$250 million in carbon reduction projects across our business by 2030

Growing Lumber Business

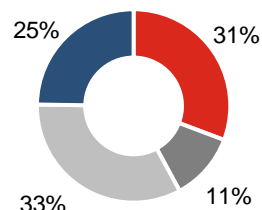
Executing on diversification strategy to support more stable returns over the cycle



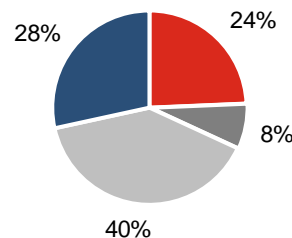
Regional Lumber Capacity 2012



Regional Lumber Capacity Proforma*



Lumber Segment EBITDA ** 2019-2023 YTD



¹ Vida capacity and purchase price reflective of Canfor's 70% ownership

* Includes greenfield sawmill in Alabama, planned investment in Arkansas and Houston sawmill

** Excludes one-time items

Highlights



Disciplined Approach to Growth

Over 3.0 BBF capacity acquired through M&A (C\$560/Mfbm) since 2013¹



300%+ Growth in US South

Achieved through targeted CAPEX, strategic acquisitions



Successful Expansion in Europe

Providing transformational growth and diversification; profitable through the cycle



Alberta Expansion

Providing critical supply of SPF lumber in low-cost jurisdiction



Well Capitalized BC Assets

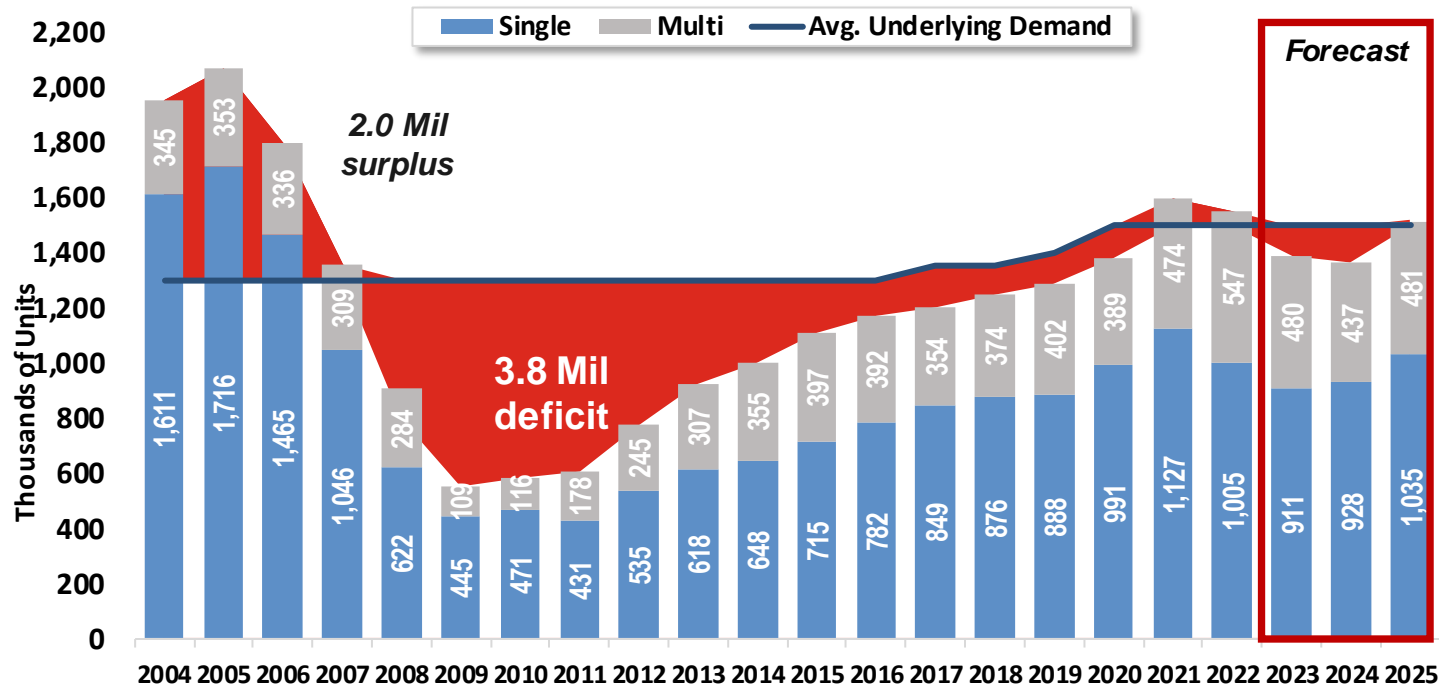
Strong cash flow generation over the cycle despite declining fibre basket



Balance Sheet Strength

Company well positioned to grow further on a global basis

US Housing Starts Forecast



Total units	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	1,956	2,068	1,801	1,355	906	554	587	609	781	925	1,003	1,112	1,174	1,203	1,250	1,290	1,380	1,601	1,552	1,391	1,365	1,517
Single (%)	82%	83%	81%	77%	69%	80%	80%	71%	69%	67%	65%	64%	67%	71%	70%	69%	72%	70%	65%	65%	68%	68%

Source: US Census Bureau, Canfor Market Intelligence, Redfin, Zillow

Considerations



Millennials Coming of Age

Homeownership rate of ages 25-34 yrs. old are expected to increase 1-1/2 % per year



Increased Tenure & Rates

Older homeowners are staying in their homes an average of 5 years longer, while increasing rates keep existing inventory low



Favorable New Home Premium

Premiums for new homes remain low at just \$75/m² higher than existing homes on average alongside concessions widely offered



Affordability – Whole Market

Rapid increases in home prices along side interest rate hikes have resulted in significant decline in affordability



Economic & Geopolitical Landscape

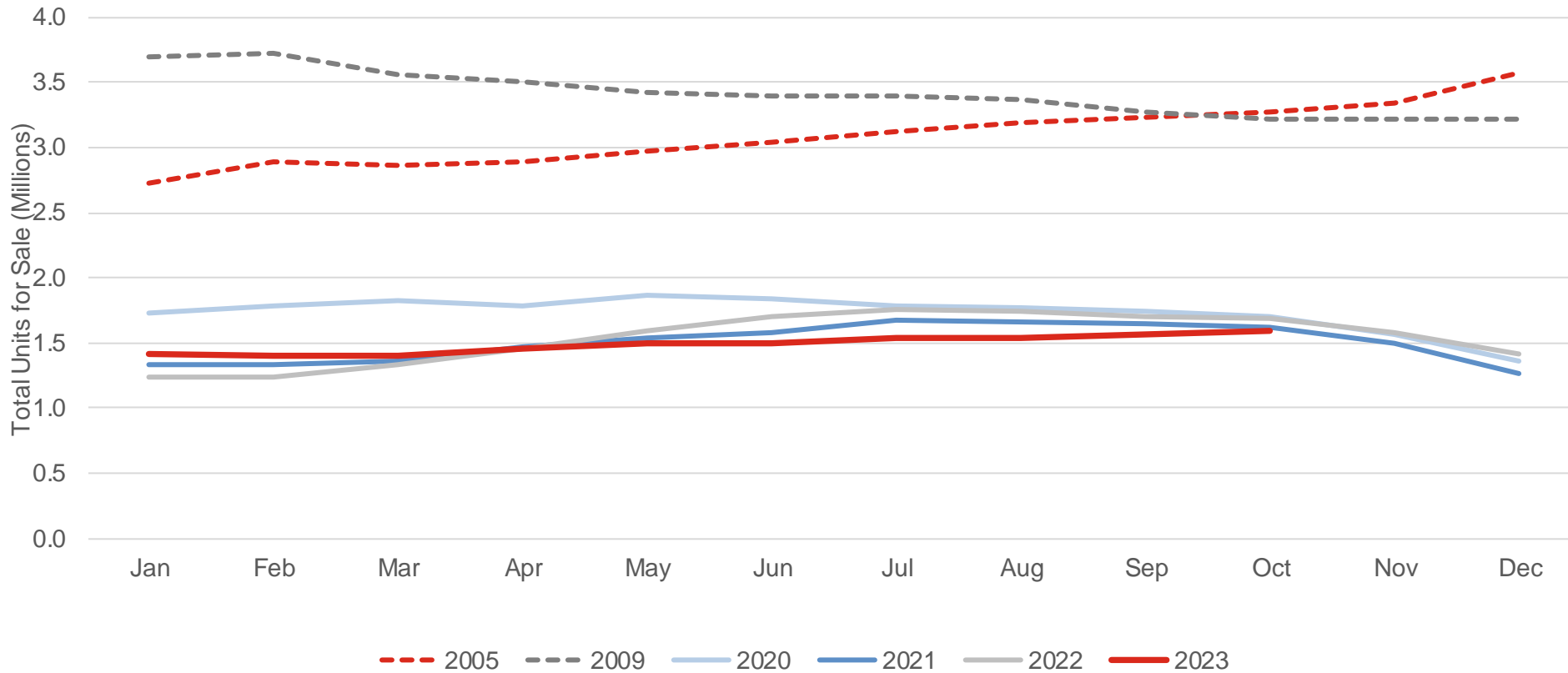
Negative wealth effects and geopolitical tension to weigh on sentiment

Total Housing Units For Sale

While new homes for sale reaches high levels, total units remain well below historical levels



Total US Housing Inventory by Month



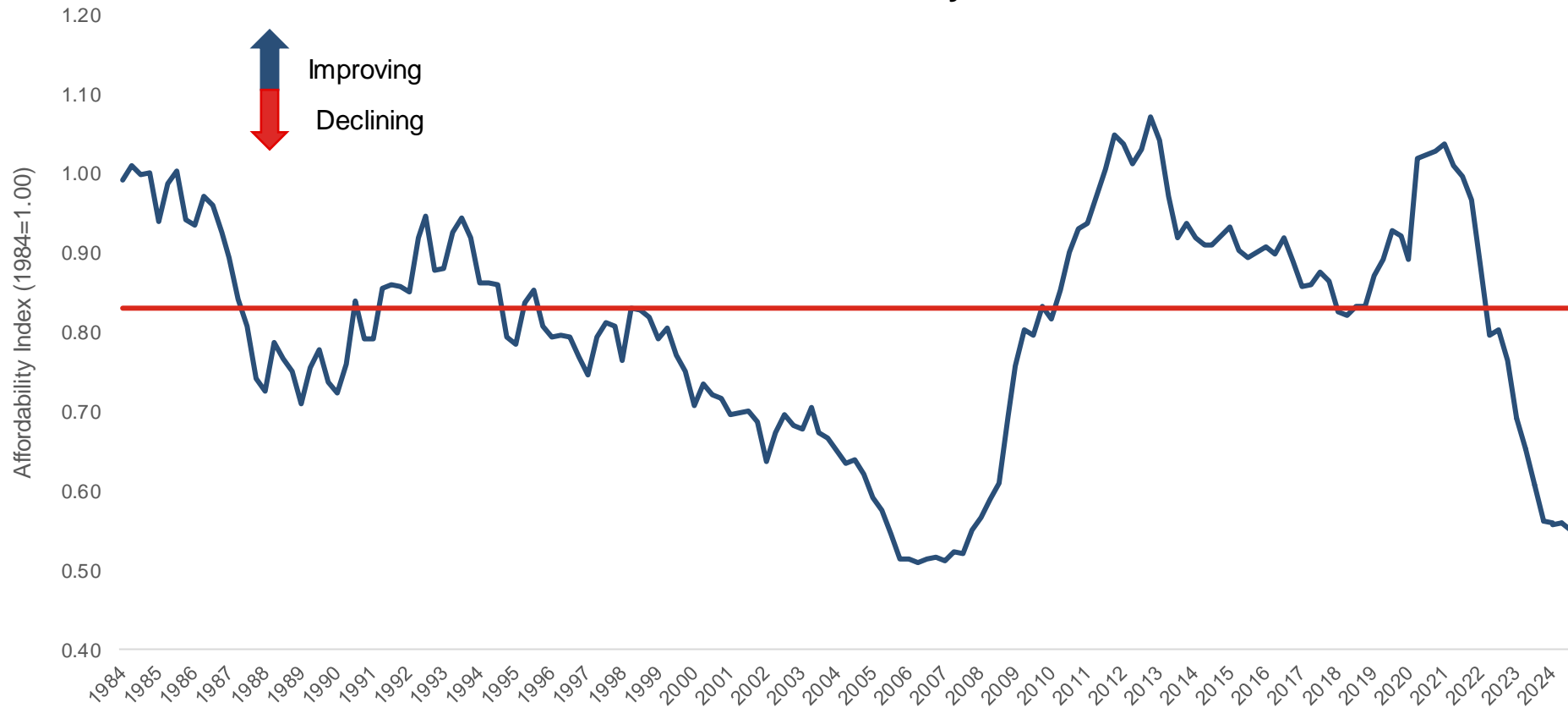
Source: US Census Bureau, Canfor Market Intelligence



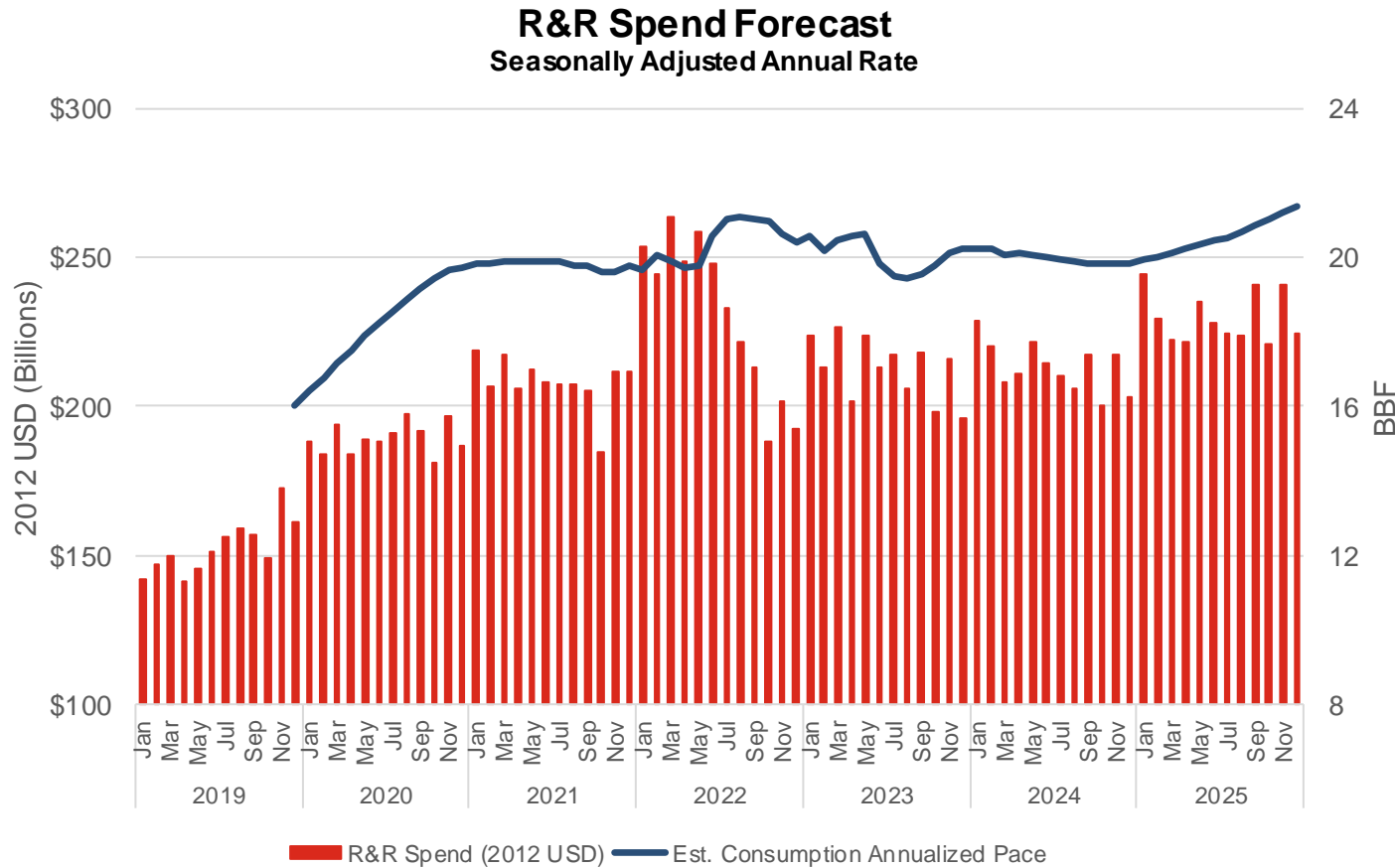
US Home Affordability Index



National Home Affordability Index



Repair + Remodel Outlook



Source: US Census Bureau, Canfor Market Intelligence

Considerations



Aging in Place

Increased levels of retrofitting, accessibility, and updates opposed to trading up



Average Home Size

Existing homes are on average 500 sq. ft. smaller than new construction, leading to increased frequency of home additions



Home Price Outlook & Share of Wallet

Inflation alongside negative outlook for home prices will weigh on share of wallet allocation to R&R



Household Balance Sheets

Core inflation pushing personal savings rate below pre-pandemic levels, reducing disposable income

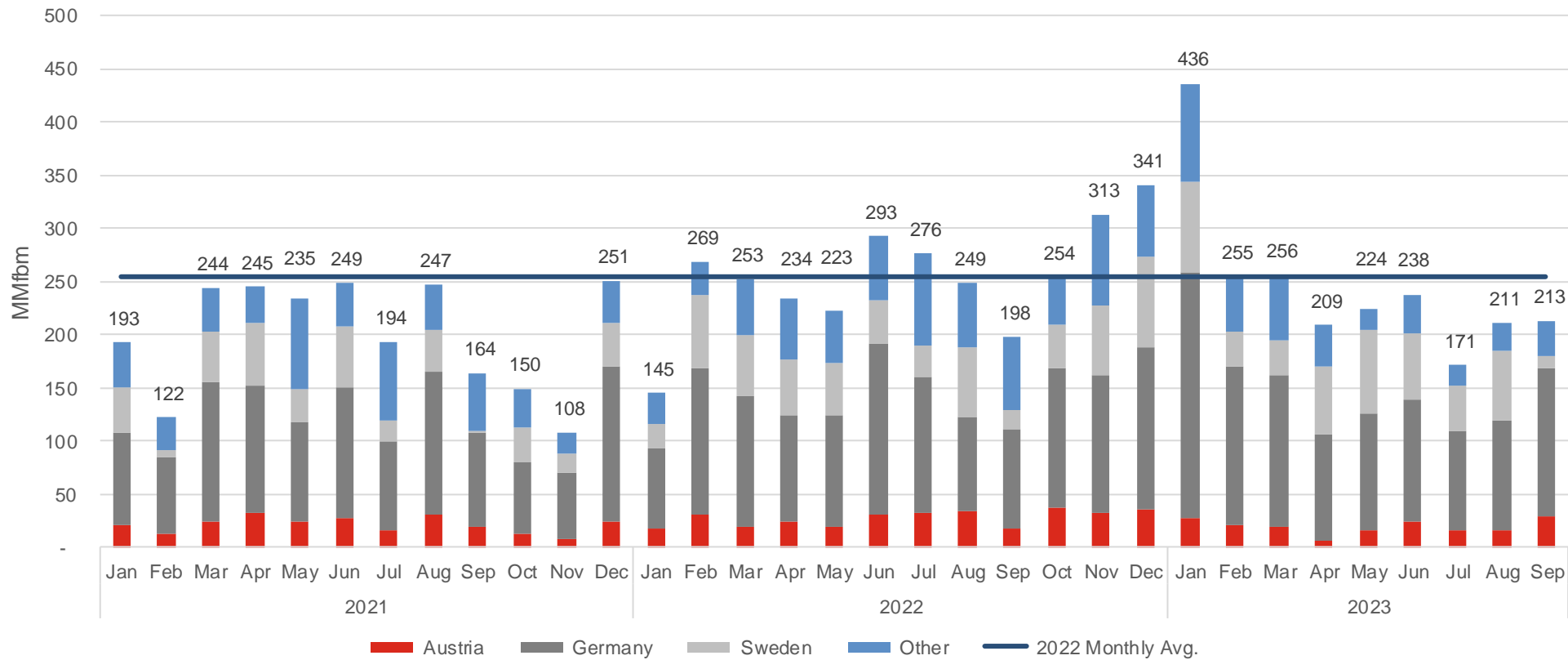


Materials Cost

DIY segment remains highly sensitive to materials cost, high prices pose risk to near term activity

US Imports from Europe

Record level of European imports in January 2023
Imports have trended below 2022 avg. since



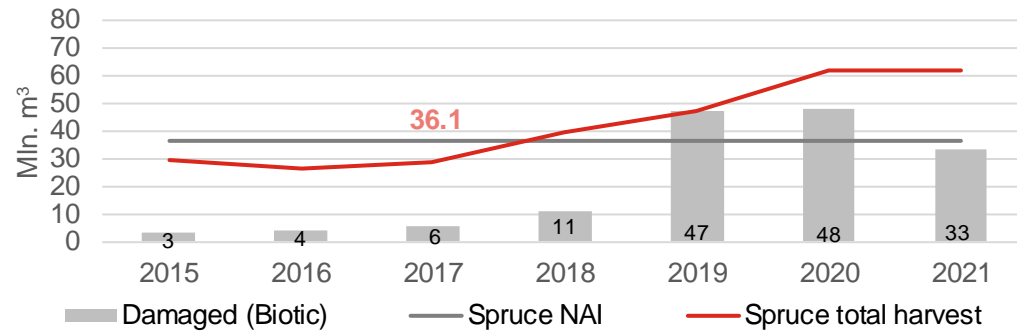
Source: USDA FAS GATS, Canfor Market Intelligence



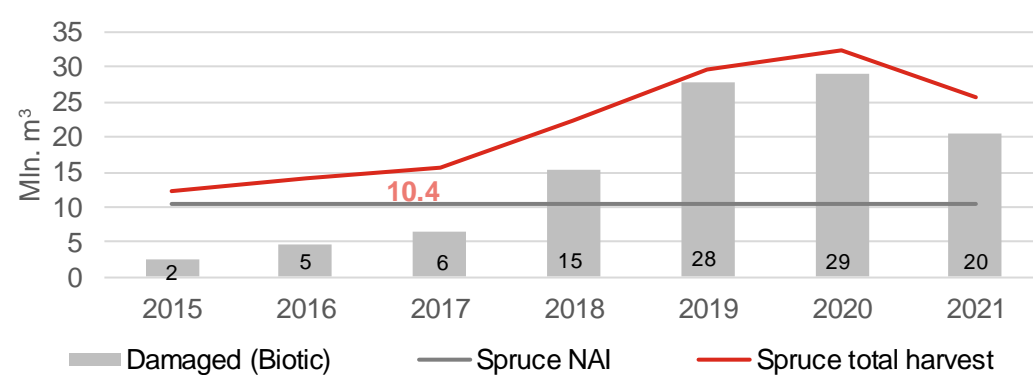
EU Spruce Bark Beetle



Germany: Damaged, Spruce Harvest & NAI



Czechia: Damaged, Spruce harvest & NAI

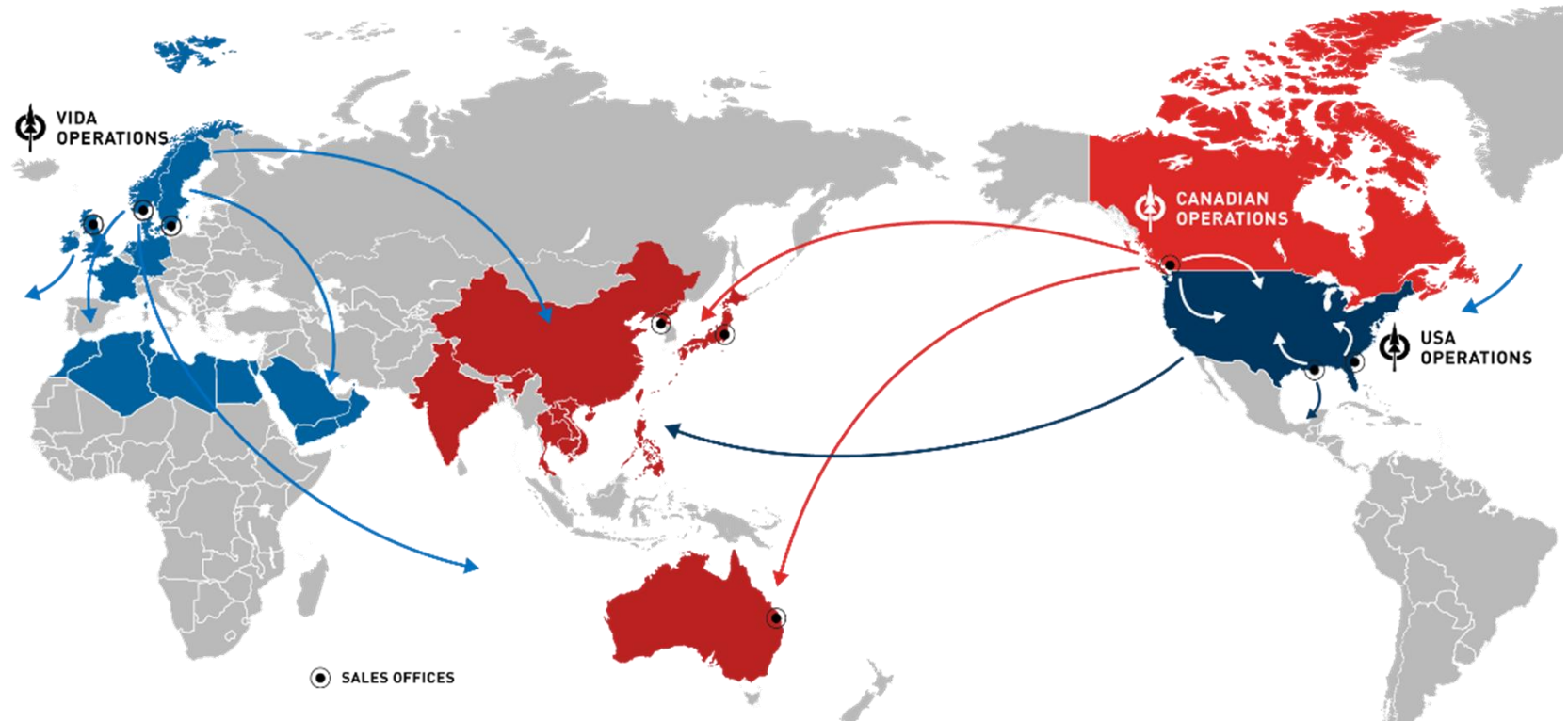


- Spruce Bark Beetle has impacted the lower elevation lands of Germany and Czechia over the mountainous (cooler) regions of Austria, Switzerland and Slovakia
- Germany and Czechia have been sanitary over-harvesting the bark beetle damaged Spruce which will have a down-fall volume impact in the coming years

Canfor Supply Chain



- Ability to leverage global platform to support key programs and optimize supply chain
- Strong alignment with key customers and channels (e.g. Home Center)
- Company's high-value product mix and diversification efforts supporting more stable returns over the cycle



Our High Value Product Diversification

We make products that unlock incremental value with stabilized pricing



J grade & Square Edge Dimension Boards, Pattern, Fascia, Clear

Visual appearance is primary purchase variable



SYP Long Length 22'/24'/26' SPF & Spruce Metric Sizes

Matching sizes to end-user requirements



MSR Dimension, Lamina Blanks & SYP Glulam Beams

*Leverage fibre strength to match demand
North America's largest producer of SYP Glulam*



Greenfield Sawmill: DeRidder, LA

Highlights

- 250 MMfbm capacity
- US\$160M investment (~\$640/Mfbm)
- Progressing well through ramp up on 2 shift basis



Modernizing Urbana Sawmill



Summary

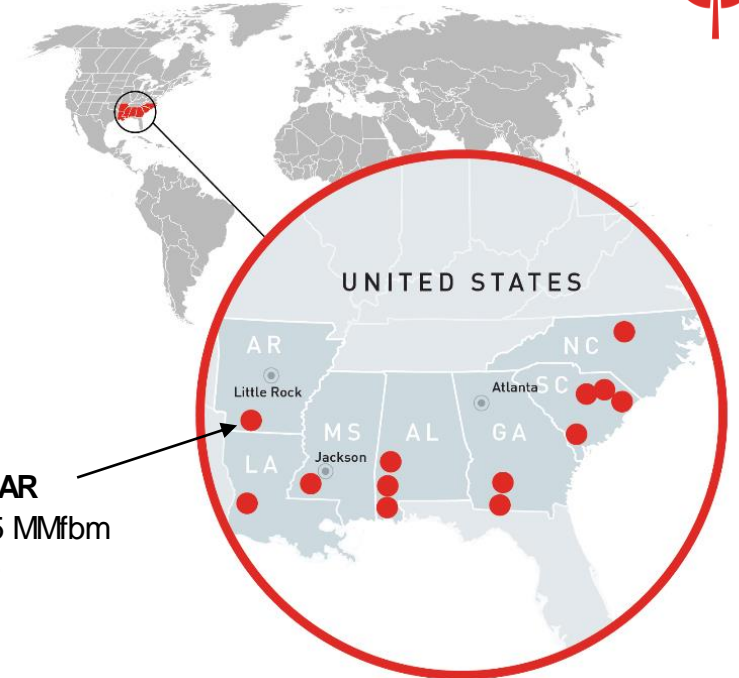
- *US\$130M investment*
- *115 MMfbm capacity increase, 2 shift operation*
- *Significantly improves cost structure*
- *Projected start-up in Q2 2024*



Strategic Alignment

- *Improves manufacturing efficiency, versatility and flexibility*
- *Abundant supply of high-quality fibre (2.0 growth to drain ratio)*
- *Increases high value product mix (LAM stock, MSR, CLT Stock)*
- *Top quartile mill close to major end markets*

Urbana, AR
Upgrade – 285 MMfbm
(2024)



Greenfield Sawmill: Axis, AL



Summary

- *US\$210M investment (\$840/Mfbm)*
- *State-of-the-art, top quartile sawmill (250 MMfbm capacity)*
- *Optimizes strong fiber basket in region*
- *Improved manufacturing flexibility provides opportunity to capture market premiums on specific products*
- *Located in Axis, Alabama (~25 miles north of Mobile)*
- *Currently on budget and on schedule*
- *Start-up projected in Q3 2024*



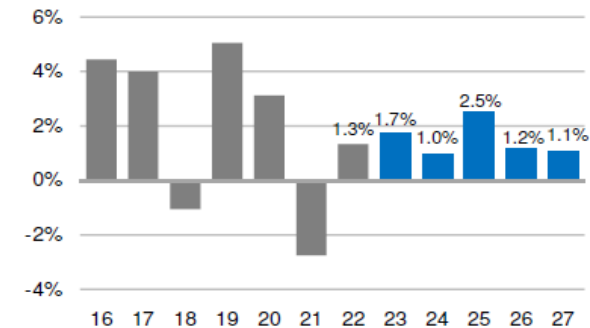
Pulp Market Update



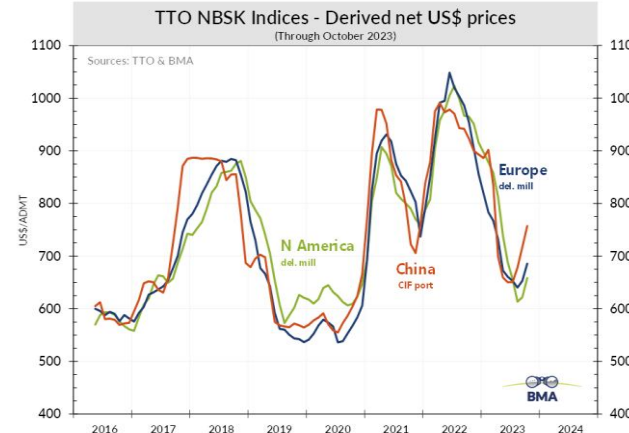
- Global outlook uncertain with downside projected in 2024
- Pulp prices rebounded in Q3 as China began restocking and drawing down producer inventories
- Softwood Market Pulp Capacity up estimated 0.4 million tonnes by 2027 (from 2023) - mainly the Metsä Fibre Kemi mill
- Global softwood pulp demand/capacity balance projected at 89% in 2023 steadily increasing to 92% in 2027
- Softwood demand growth to be concentrated in China and Other Asia market segments
- Canfor Pulp well positioned to service increasing demand for specialty products

Market Pulp Demand Growth Outlook is Positive

World Chemical Market Pulp Demand annual % change

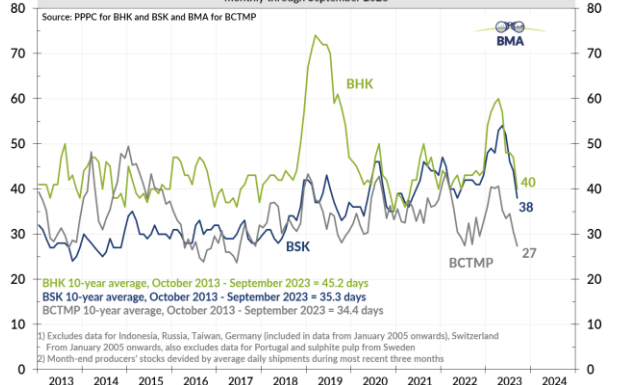


Global NBSK Pulp Prices Improving

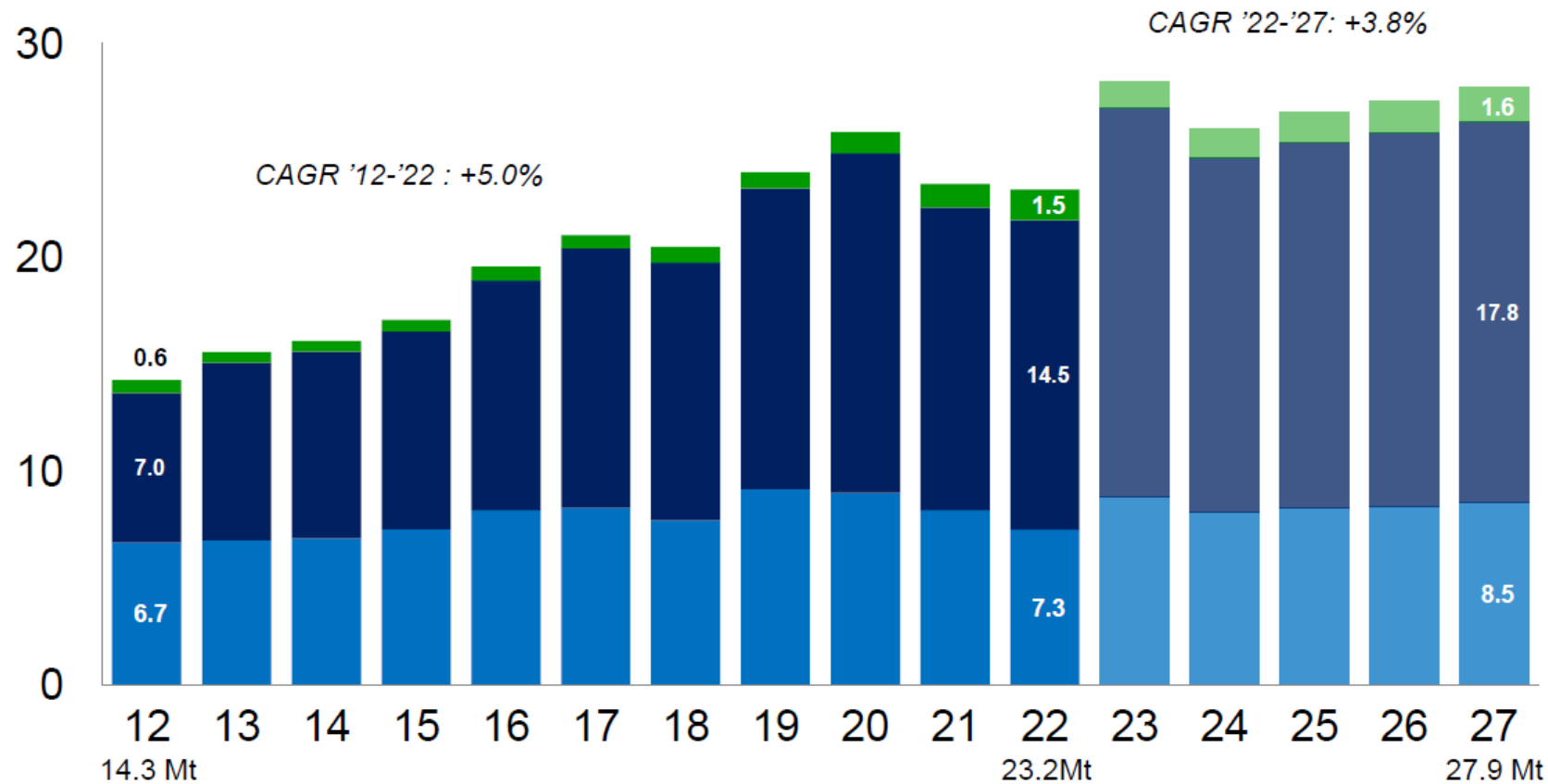


Demand Supply Ratios Tightening

World¹ Producers' Market Pulp Stocks - Days Supply² monthly through September 2023



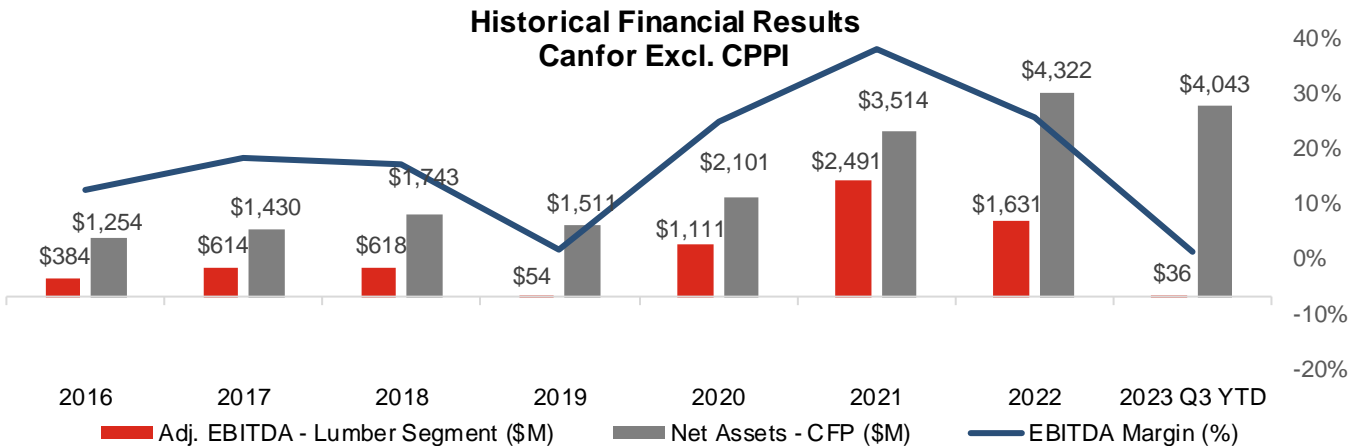
Pulp Well Positioned for China



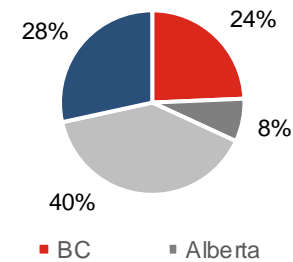
Source: PPPC – Market Pulp Outlook November 2023

Financial Highlights

- Record profitability in recent years supporting various organic and external growth initiatives
- Balance sheet supporting significant capital investments in 2023/2024
- Well positioned to further grow lumber business on a global basis



**Lumber Segment EBITDA
2019-2023 Q3 YTD**



Q3 2023 Summary (Canfor, Excl. CPPI)

Net Cash
\$627M

Liquidity
\$1.9B

Duty Deposits
\$920M

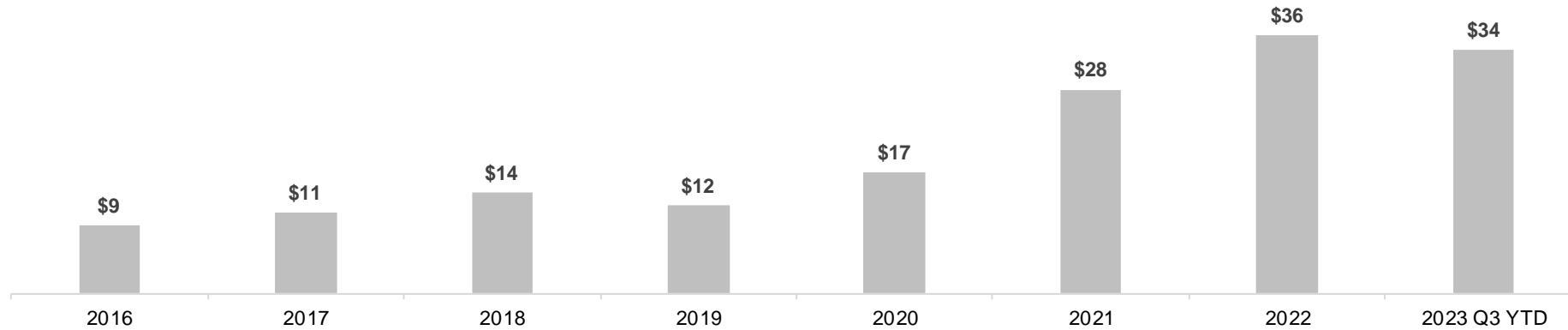
Total Assets
\$5.7B

Book Value / Share
\$32.89

Significant Growth in Net Assets / Share



Net Assets (\$/Share)
Canfor Excl. CPPI



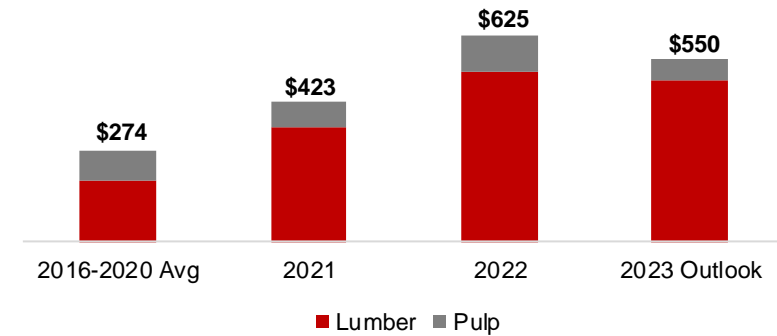
Capital Allocation

- *Disciplined approach to capital allocation*
- *Continuous reinvestment in operations and targeted external growth*
- *Focus on eliminating debt and maintaining strong balance sheet*
- *Opportunistically repurchasing shares under NCIB and returning capital to shareholders*

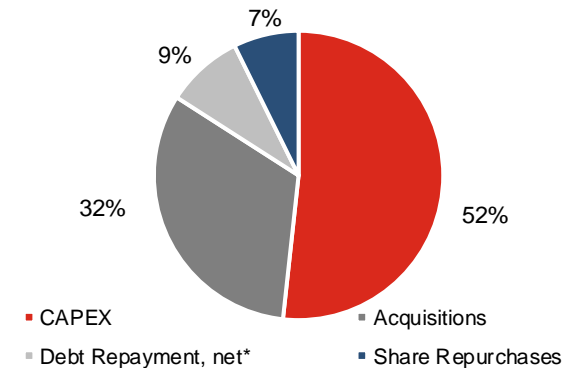


Expanded Capital Program

Capital Expenditures (\$M)



Capital Allocation
Canfor Excl. CPPI (\$M)
2016 - 2023 Q3 YTD
\$4.2B Total



* Including the Company's operating loan facility



Value Proposition



**Sustainability
Focus**



**Differentiated
High-Value
Products**



**Diversified
Global Platform**



**Well Capitalized
Mills**



**Positioned for
Growth**



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