

Canfor Corporation

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RBC Capital Markets Forest Products Conference

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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, 2019 available at www.canfor.com or www.sedar.com.

A stylized, light gray line-art illustration of a tree trunk and branches, positioned on the left side of the slide. The trunk is composed of several vertical lines, and the branches are represented by curved lines extending upwards and to the right.

Lumber Supply & Demand

2020 – US Softwood Lumber Supply & Demand

U.S. Lumber Supply

Supply (Bfbm)	2018 Est.	2019 Est.	2020 Fct.
U.S. PRODUCTION	34.9	35.1	34.3
Imports – Canada	13.6	13.2	12.9
Imports – EU & Other	1.4	1.5	1.9
U.S. Exports (<i>minus</i>)	1.7	1.4	1.2
Total Supply	48.2	48.4	47.9

U.S. Lumber Demand

Segments (Bfbm)	2018 Est.	2019 Est.	2020 Fct.
New Home	15.8	16.2	17.3
Repair & Remodeling	17.5	17.5	19.0
Industrial	12.0	12.1	11.4
Non-Residential	2.5	2.6	2.4
Total Demand	47.8	48.4	50.1

Demand Trends

Strong fundamentals supporting favourable outlook for lumber demand despite current economic uncertainty

COVID-19 Trends

- Suburbanization
- Increased % of SFH Starts
- Increasing Home Size*
- Increased Disposable Income
- Accelerating R&R / DIY Demand

Government Policy

- Increased Infrastructure Spend
- Green Building Initiatives
- Fiscal Stimulus
- Low Interest Rates**

US Housing

- Pent-up Demand
- Record-low Existing Inventory
- Favourable Demographics
- Population Growth
- Improved Affordability
- Age of housing stock supporting R&R

Other

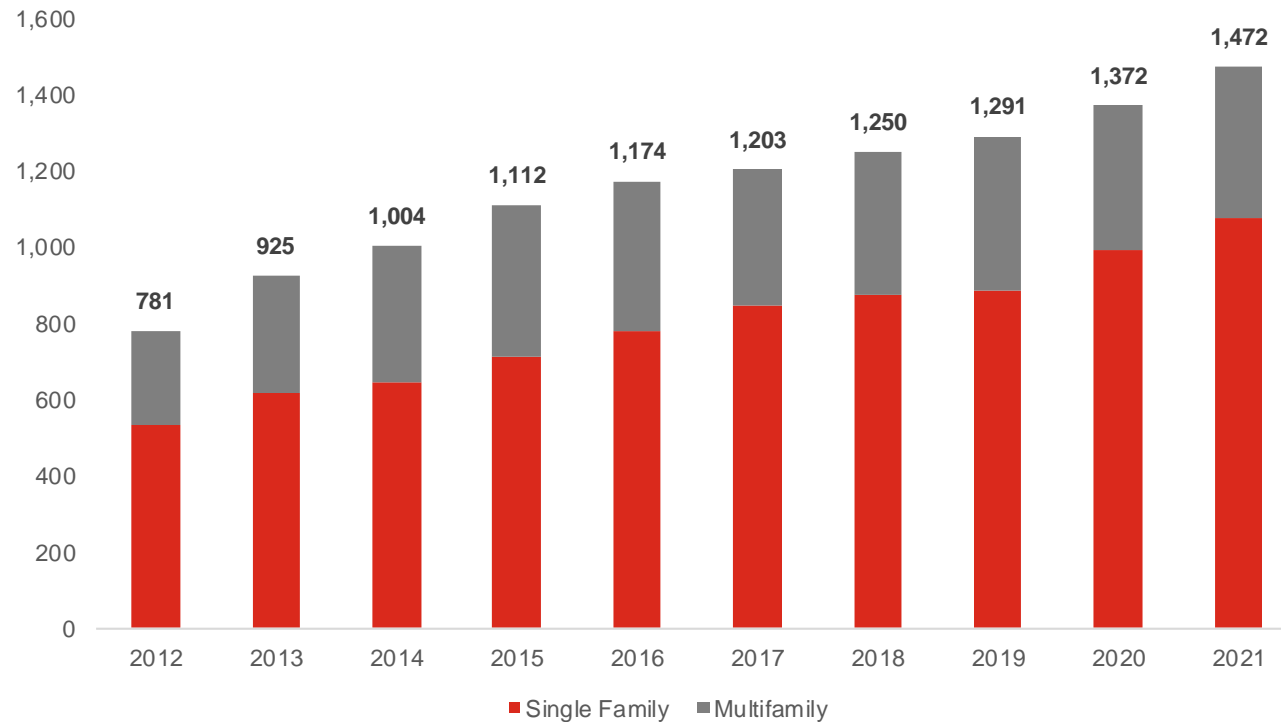
- Mass Timber Demand
- Global Population & Middle-Class Growth
- Increased Utilization of Wood in Housing

* Average US home size has been trending down in recent years re. affordability; suburbanization supporting a more gradual decline in average home size

** Interest rate anticipated to increase modestly as COVID-19 runs its course

US Housing Starts

- Solid housing starts in 2020 is projected to continue in the near term
- Demographics, interest rates and affordability remain supportive
- Increasing shift to suburban areas supporting increased lumber consumption, higher allocation of single-family starts



Analysts' Forecast – November 2020

Housing Starts (SAAR)	2020	2021
NAHB	1.36	1.33
CIBC	1.35	1.42
Fannie Mae	1.36	1.47
APA	1.35	1.33
MBA	1.36	1.47
FEA	1.36	1.49
Industry Average	1.36	1.42

Repair and Remodeling – Key Drivers Point to Solid Growth

✓ 2020: COVID Surge in Disposable Income/Time

DIY is an increasingly greater proportion of projects
 Despite a decline in spending in 2021 as compared to 2020, we see lumber usage rate per dollar trending higher (reduced labor costs)

↻ 2021: Record Low Existing Home Inventory

Drives spending pre and post-sale ~ 5.4 million units/yr.
 Generally lower existing home sales may drag down overall spend as new home sales increase

↻ Aging in Place

Mobility amongst Baby Boomers & Silent Generation Decline
 Single family owners likely to resort to improvements over relocation, proportion of lumber usage likely lower

✓ Age of Housing Stock

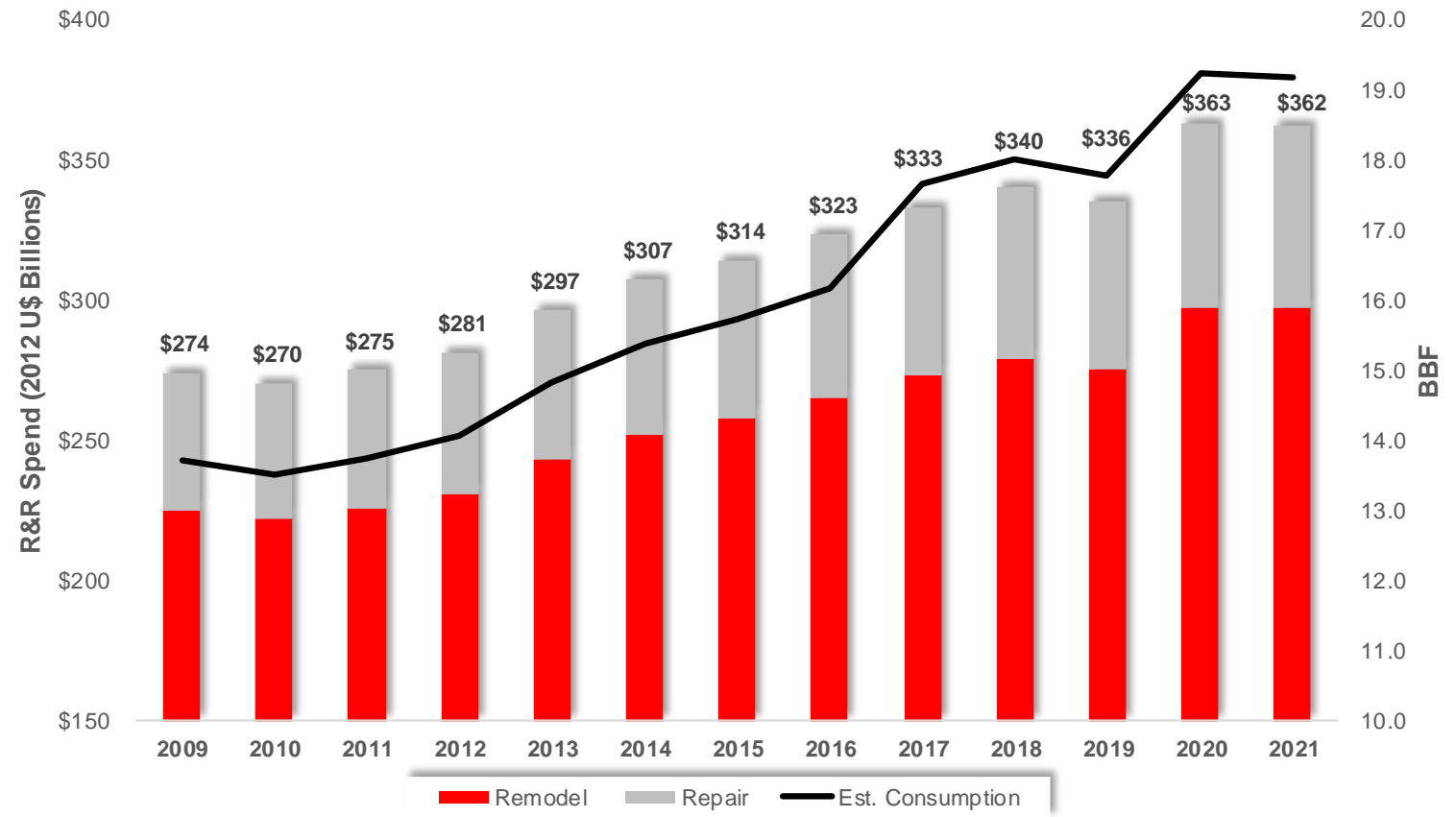
Demands ongoing repairs (avg. 42 yrs. Old)
 16-35 yrs. indoor projects, >46 yrs. outdoor projects

✓ Household Formation

Increase demand
 Additional 12.5 million households will form 2015-2025

Strong Spending in the near-term before maintaining at a high level

Residential Repair & Remodel Spending

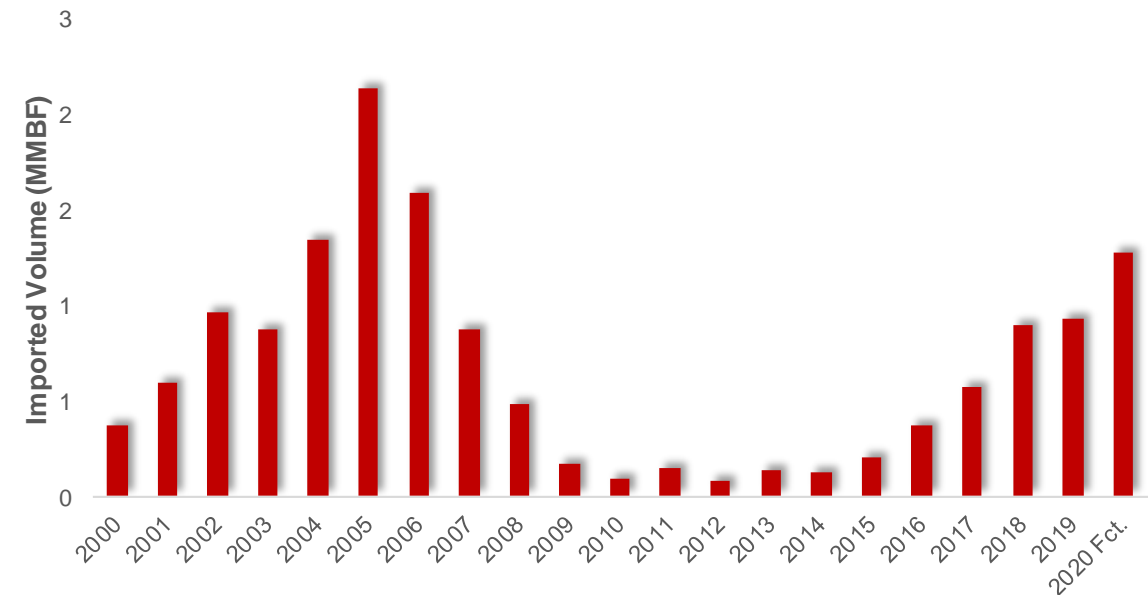


W-SPF Declines While US South and EU Imports Gain Market Share



- As W-SPF production declines, diversified species and global operations allow us to support our US customers
- Softwood imports from EU will remain heavily dependent on housing starts
- German, Austrian, and Swedish manufacturers hold largest share of EU imports in North America
- EU volumes in 2020 projected to total 1.3 BBF with volumes increasing marginally in 2021

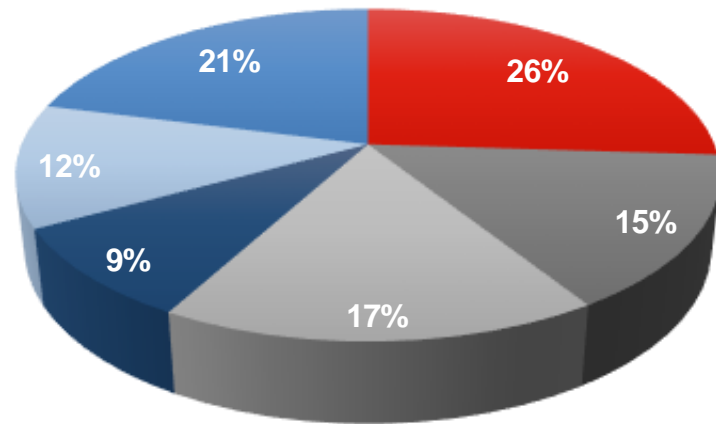
US Import Volume from EU (BBF)



EU Markets: Post COVID-19

- Lumber consumption in traditional outlets projected to decline in 2020, largely mitigated by significant increase in R&R spend
- Outlooks for housing permits throughout the EU remain below pre COVID levels
 - Increased share of wood use is expected in most regions, resulting in potential increased consumption for sawn softwood
- “Renovation Wave” strategy outlined by the EU central government will drive increased lumber usage throughout the region
- CLT capacity will double until 2022 reaching more than 1.2 BBF of additional lumber demand in the region

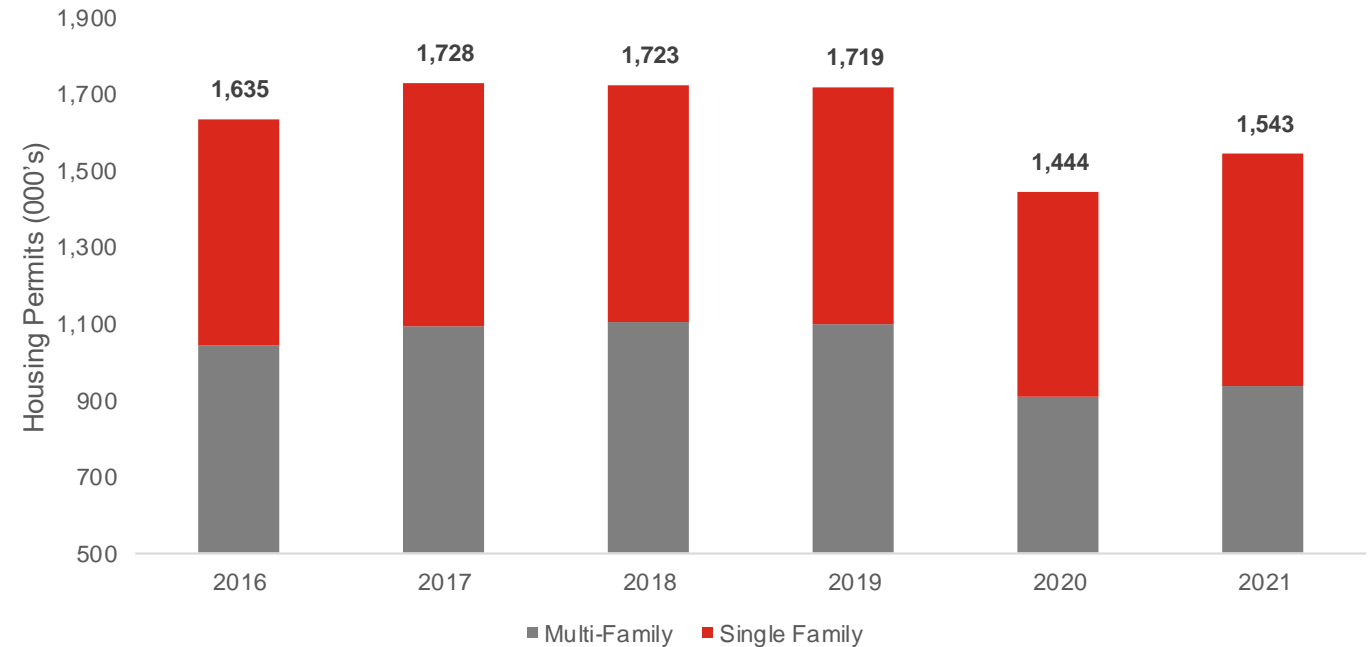
Share of Construction Spend



- Residential Renovation
- Non-Res Renovation
- New Non-Res
- Infrastructure Renovation
- New Infrastructure
- New Residential

EU Area Housing Permits

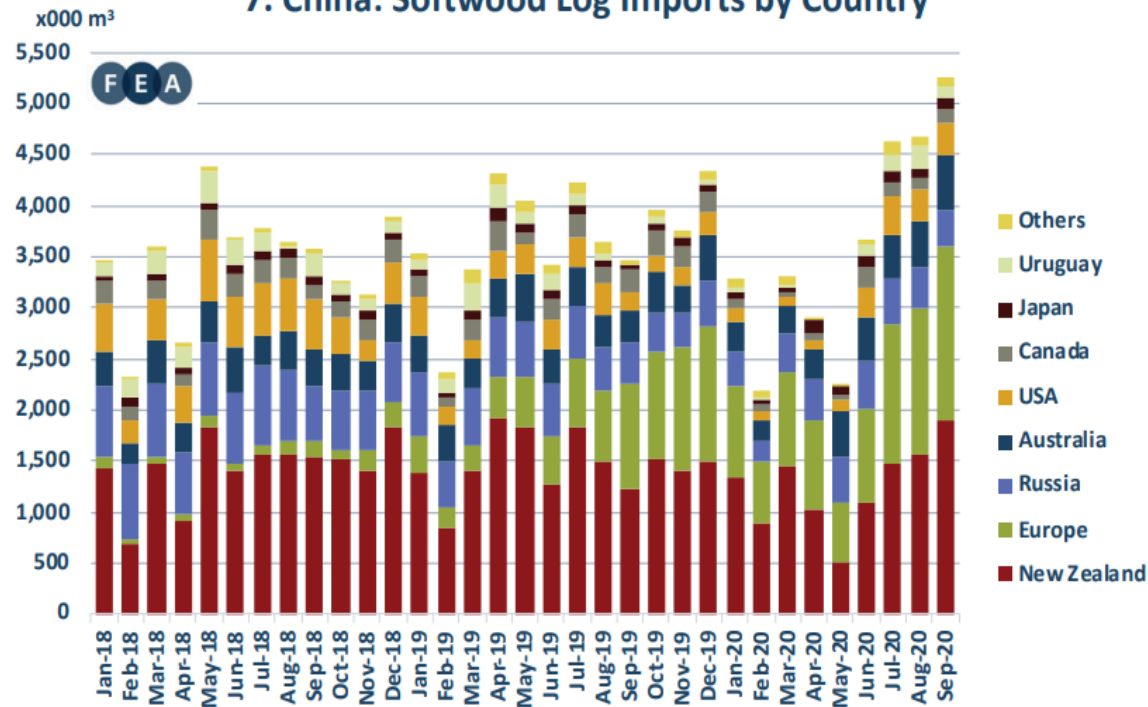
(17 Country Region)



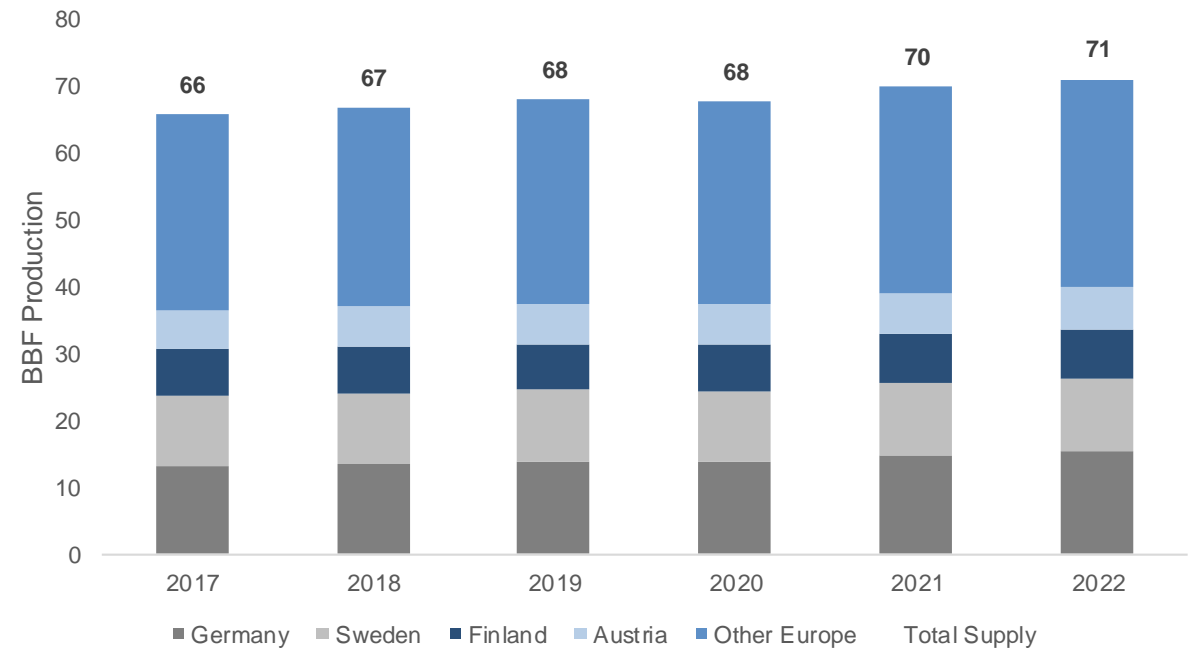
EU Beetle Kill: Production & Trade Outlook

- Projecting modest increase in EU softwood lumber production as investments currently underway come online in response to spruce bark beetle
- Projecting continued increase in EU log exports as producers harvest beetle damaged timber; log exports reaching ~10 million m3 in 2021
- Beetle damaged fibre will continue to have mixed impacts depending on the country
- Anticipate a significant reduction of Russian logs exported to China due to increased duty rates and recent changes in legislation by the Russian government

7. China: Softwood Log Imports by Country



EU Production Outlook



China: Markets & Supply

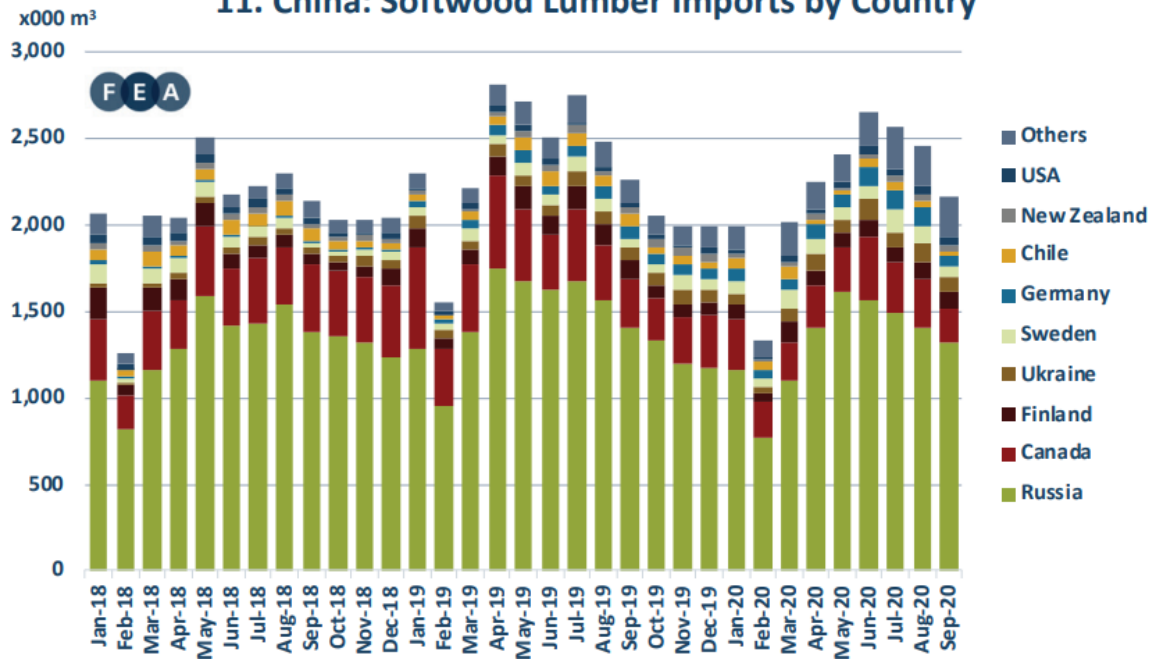
Markets:

- Real estate development investment growth fell sharply in early 2020 in the wake of COVID-19
 - Investment steadily improving from lows in early 2020, however growth ~5% lower than 2019 average
 - Office and commercial buildings saw the sharpest decline, with residential investment down only .1%
- Retail sales of consumer goods are down 7.2% YoY with furniture sales continuing to decline

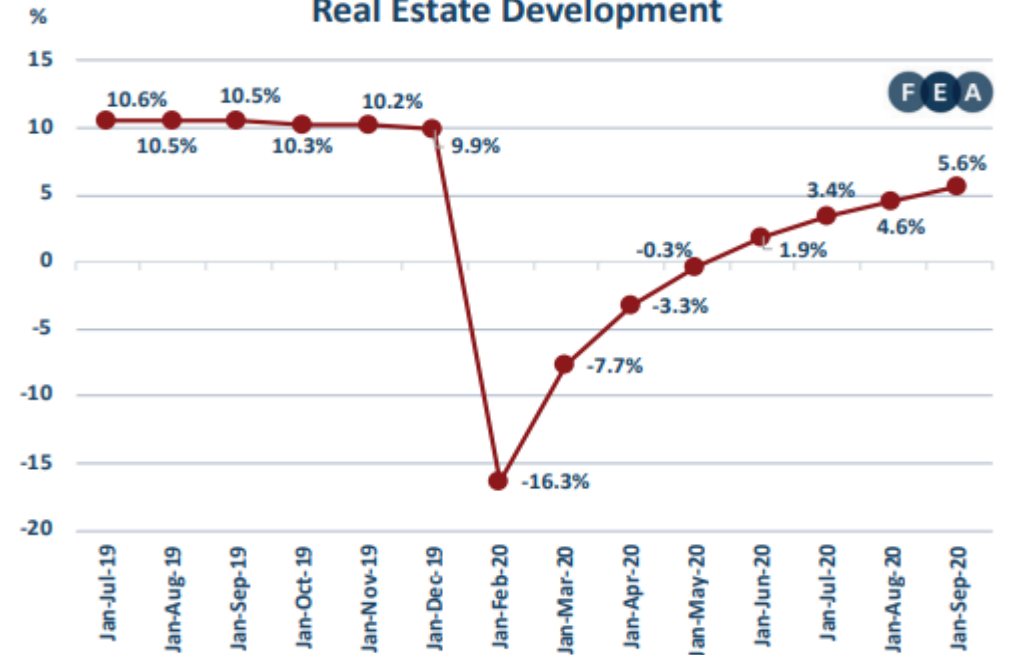
Supply:

- Changes in Russian legislation has led to a marked increase in kiln-dried lumber from the region while overall shipments remain level
- New supply regions such as Belarus have begun entering the market leveraging the Belt and Road initiative
- We anticipate increased imports from Europe into 2021

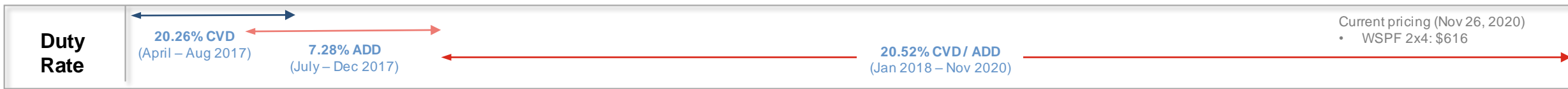
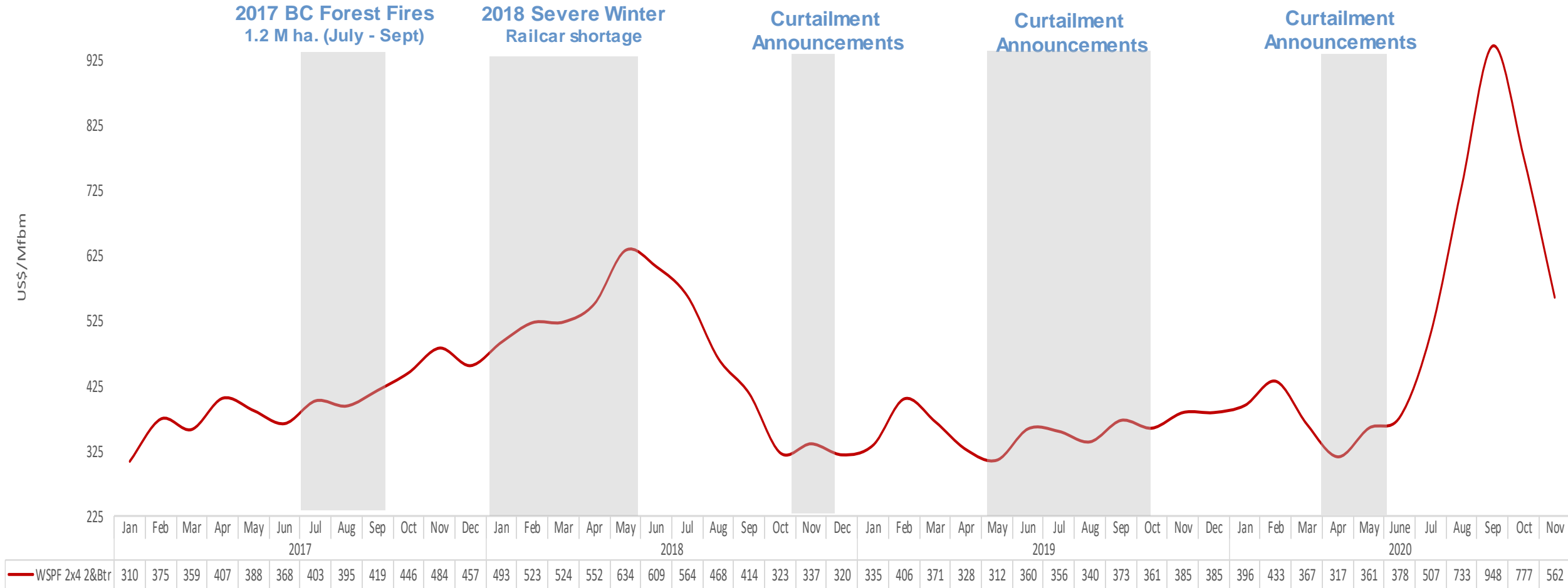
11. China: Softwood Lumber Imports by Country



China: Growth Rate of Investment in Real Estate Development



Commodity Lumber Prices (US\$/Mfbm)

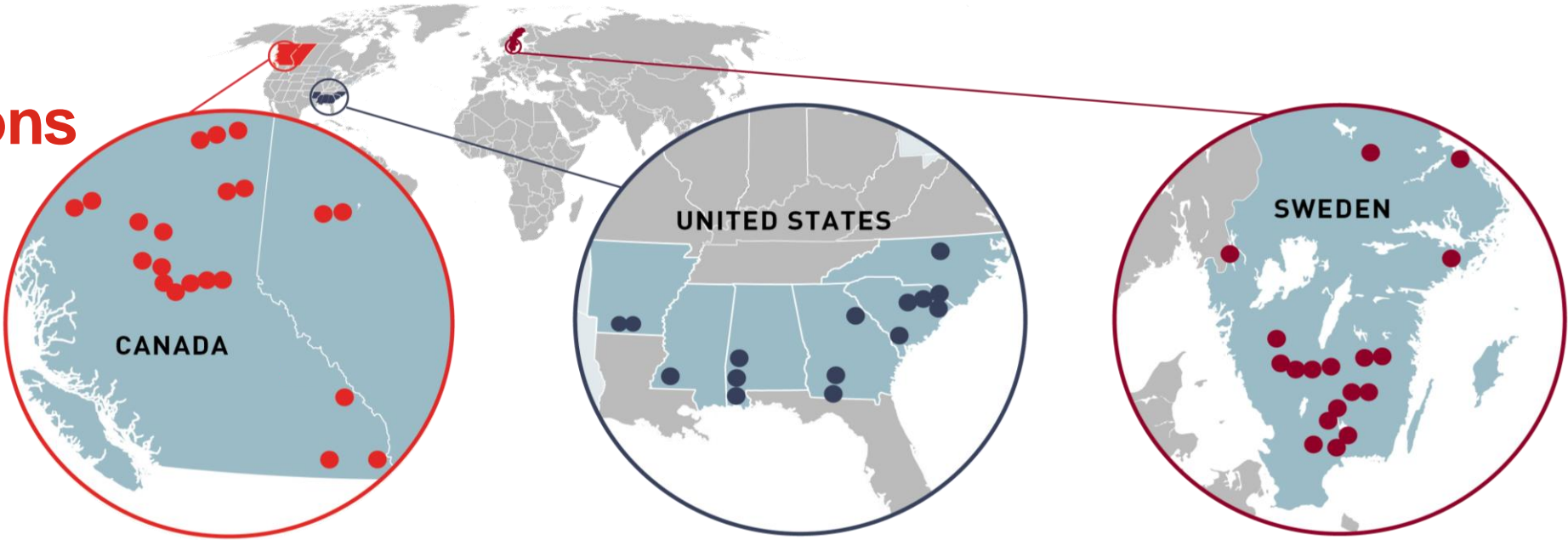




Operations



Canfor Operations



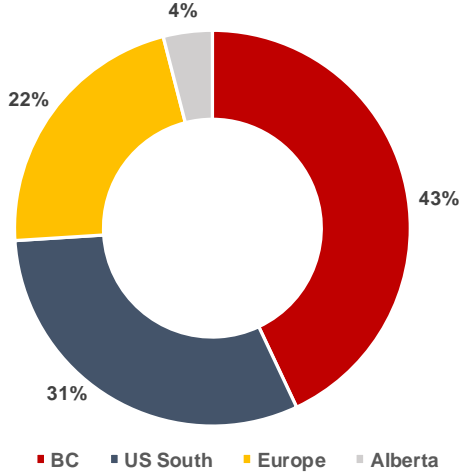
Lumber

- **34 Sawmills** with annual operating capacity of 6,700 MMfbm
 - 10 Western Canada - 3,200 MMfbm
 - 12 US South - 2,000 MMfbm
 - 12 Sweden - 1,500 MMfbm*

Pulp and Paper

- **4 Mills** in British Columbia
 - 1.1 million tonnes of Northern Softwood Kraft
 - 230k tonnes BCTMP
 - 140k tonnes Kraft Paper

Regional Lumber Capacity



Other Operations

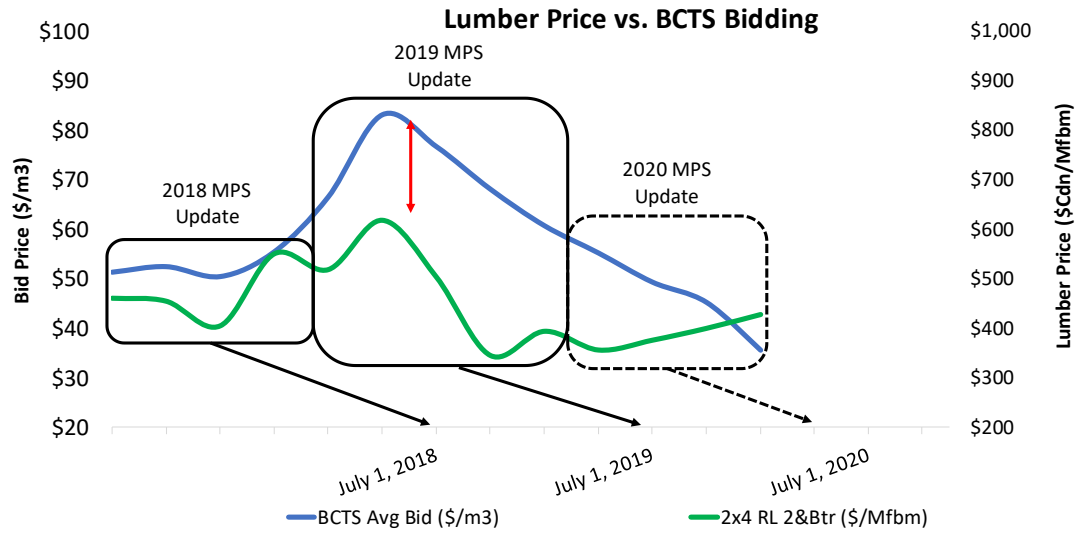
- 9 value-added facilities (packing, housing, energy) – Sweden
- 3 Pellet Plants – BC
- 2 Glulam Plants – US South
- Finger Joint Plant – US South
- Green Energy Plant – BC
- Trucking Fleet – US South

*Lumber capacity includes planned investment in Bergs Timber



Western Canada

- Significant action taken over the past 2 years in response to challenging market conditions and elevated log costs in British Columbia
- Approx. 2.2 billion board feet of permanent industry rationalization to-date (~1.0 billion board feet of additional rationalization required to balance demand with long-term fibre supply)
- Industry wide production curtailments in response to COVID-19 reduced production by approx. 600 million board feet in early 2020
- Western SPF pricing surged in 2020 as limited available supply was met with unprecedented demand
- Company has taken a number of short and long-term measures to mitigate fibre cost escalation and support improved market pricing
- Anticipating moderate market-related increase in log costs in 2021 reflecting record-high lumber pricing in 2020
- Canfor's sales realizations anticipated to benefit from a ~16% reduction of duty rates effective December 2020

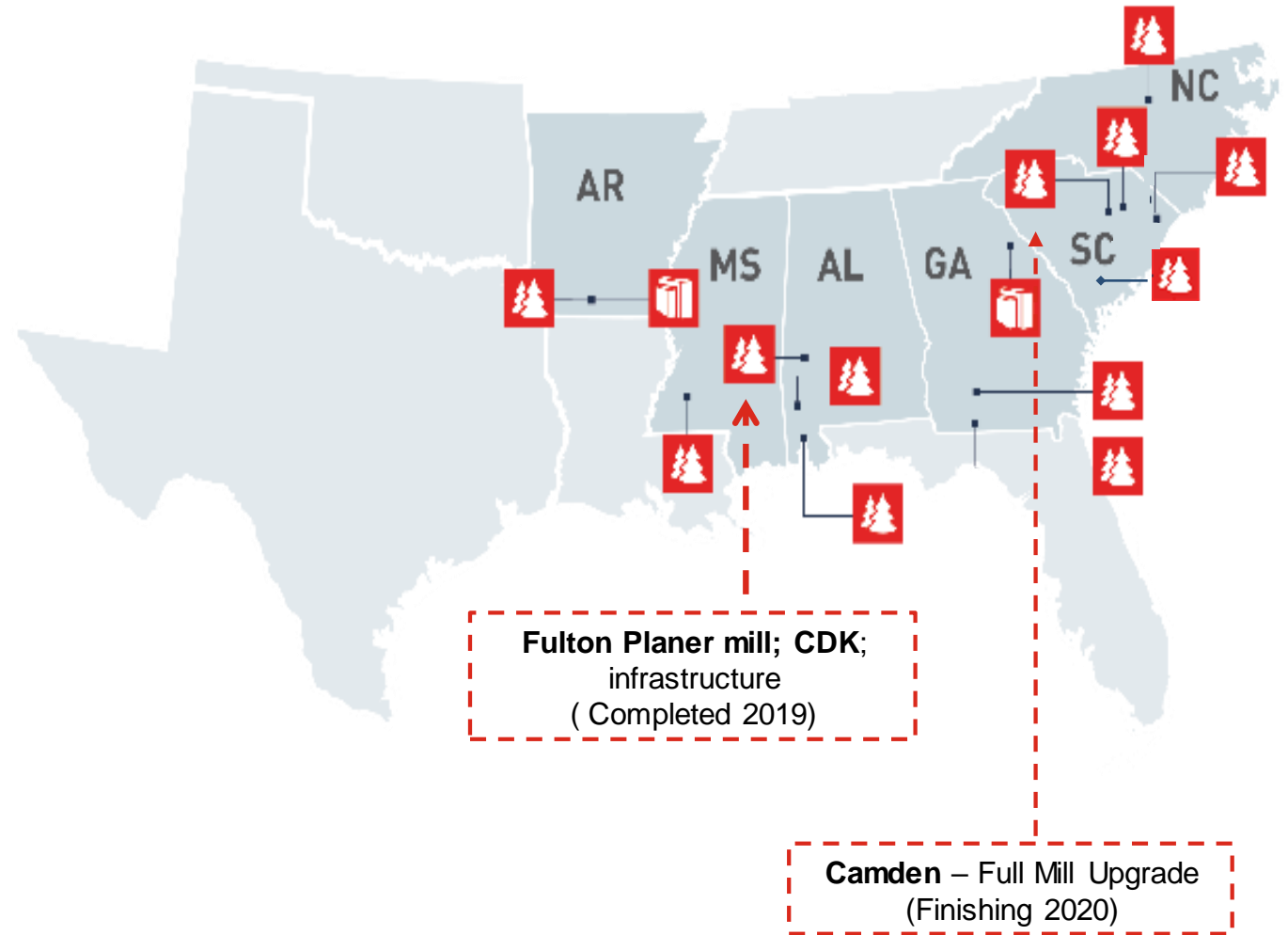


CVD / ADD Cash Deposit Rates				
Company	Current Rate	New Rate	Change	% Change
Canfor	20.5%	4.6%	-15.9%	-77.5%
West Fraser	23.6%	9.0%	-14.6%	-61.9%
J.D. Irving	9.4%	4.2%	-5.2%	-54.9%
Resolute	17.9%	20.3%	2.4%	13.1%
All Others	20.2%	9.0%	-11.2%	-55.6%



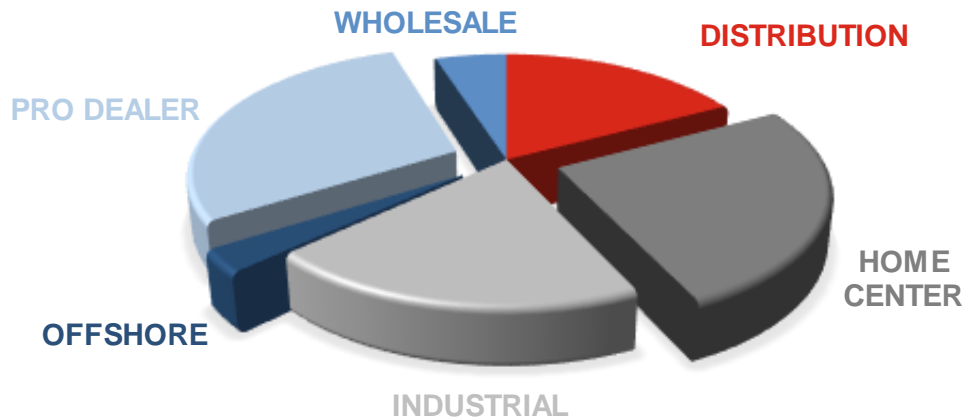
US South

- Benefitting from unprecedented demand from home centers and lumber treaters in the wake of COVID-19
- Total lumber capacity of 2.0 billion board feet with full run-rate achieved in 2021
- Over 300% growth since 2013, including 2019 acquisition of Elliott Lumber Company (210 MMfbm)
- 300 MMfbm organic program (US\$125 million) to be completed in early 2021
- Strong fibre supply region, high performing operations
- Focus on high-value products and market diversification supporting sales realizations and strong operating margins



Customer Channels – Aligned for the Future

SPF CUSTOMER CHANNELS



- SPF customer channels heavily aligned with key pro-dealer accounts able to respond to housing demand
- Strong alignment with Home Centers continues as we support programs with Euro supply
- Key industrial accounts allow for diversification (e.g. Universal Forest Products)
- Continued exposure to offshore markets allowing for global diversification

SYP CUSTOMER CHANNELS



- Continued growth with Home Center accounts has allowed SYP to capture a key DIY demand segment
- High value products aligned with key treater accounts continue to provide return and increased exposure to R&R sector
- Focus on the pro-dealer segment provides diversified demand channel aligned well with housing starts
- Strategic accounts in offshore markets aid in diversification and exposure to more high value accounts

Diversified Customers and Markets

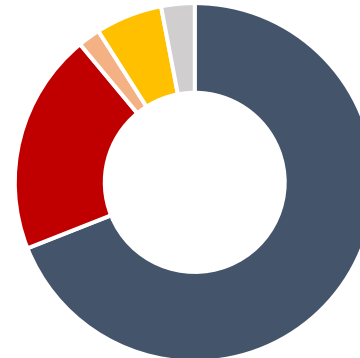


Universal Forest Products



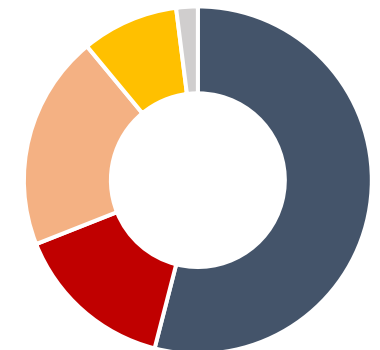
- Strong lumber pricing in 2020 supported by unprecedented R&R and Home Center demand in North America (segment represents approx. 20% of WSPF production)
- Company's high-value product mix and diversification efforts supporting sales realizations
- Steady takeaway in key offshore markets further supporting pricing in North America
 - Shipments to China approx. 20% of WSPF production with ability to increase based on current demand

Canfor WSPF Sales by Country - 2007



■ USA ■ Canada ■ China ■ Japan ■ Other










Canfor WSPF Sales by Country - 2019



■ USA ■ Canada ■ China ■ Japan ■ Other

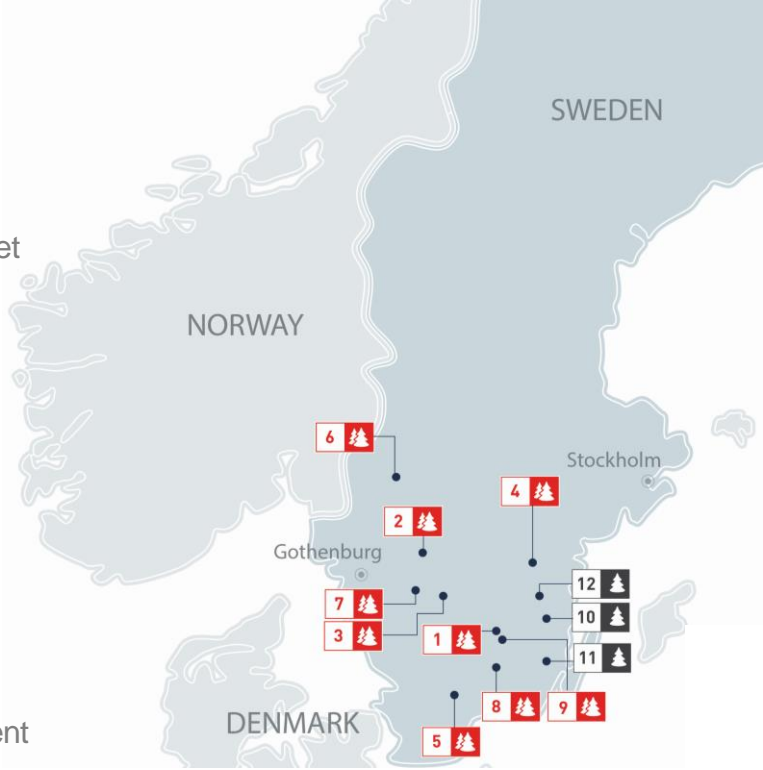
Canfor High Value Product Diversification

Products that unlock incremental value with stabilized pricing

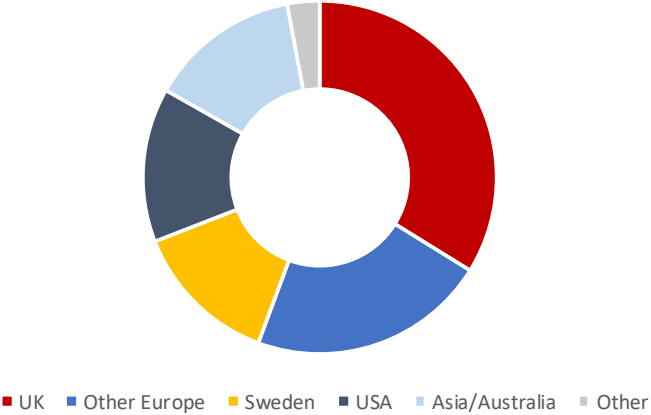
 Appearance	<p>J grade & Square Edge Dimension Boards, Pattern, Fascia, Clear</p> <p>Visual appearance is primary purchase variable</p>		
 Application	<p>SYP Long Length 22'/24'/26' SPF & Spruce Metric Sizes</p> <p>Matching sizes to end-user requirements</p>		
 Strength	<p>MSR Dimension Lamina Blanks SYP Glulam Beams</p> <p>Leverage fibre strength to match demand</p>		

Europe

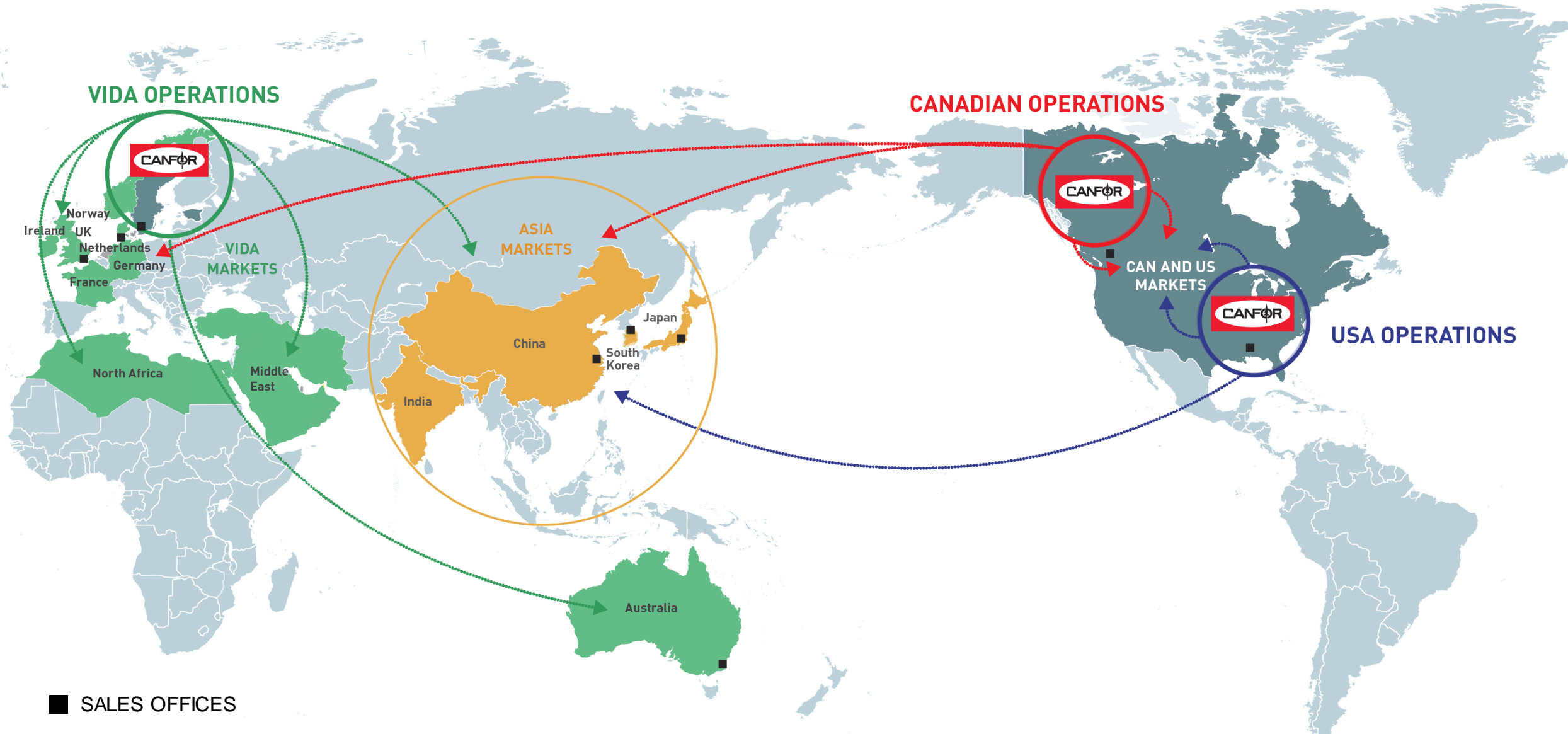
- Total of 12 sawmills following Vida’s recent acquisition of **Bergs Timber**; proforma lumber capacity of 1.5 billion board feet
- Vida’s 9 sawmills operating at annualized rate of 1.2 billion board feet
 - Production primarily focused on structural timber, mostly exported to markets other than North America
 - Vida’s largest market is the UK, comprising approx. 30-35% of volume
 - Other key markets include Asia, Australia, North Africa and the Middle East
- Vida’s acquisition of Bergs Timber completed in Q3 2020
 - Purchase price of ~C\$44 million, plus working capital
 - Current production of 215 million board feet; targeting 300 million board feet capacity with modest capital investment
 - Strong strategic alignment with Vida’s existing sawmills
- Geographic and product diversification contributing to more steady pricing despite current global economic challenges
- Access to significant supply of high-quality spruce and pine fibre in close proximity to sawmills
- Fibre costs tightly correlated to market pricing supporting more stable earnings
- Canfor and VIDA are well positioned to capitalize on joint global market opportunities with significantly enhanced market and geographic diversification; currently on track to achieve targeted synergies



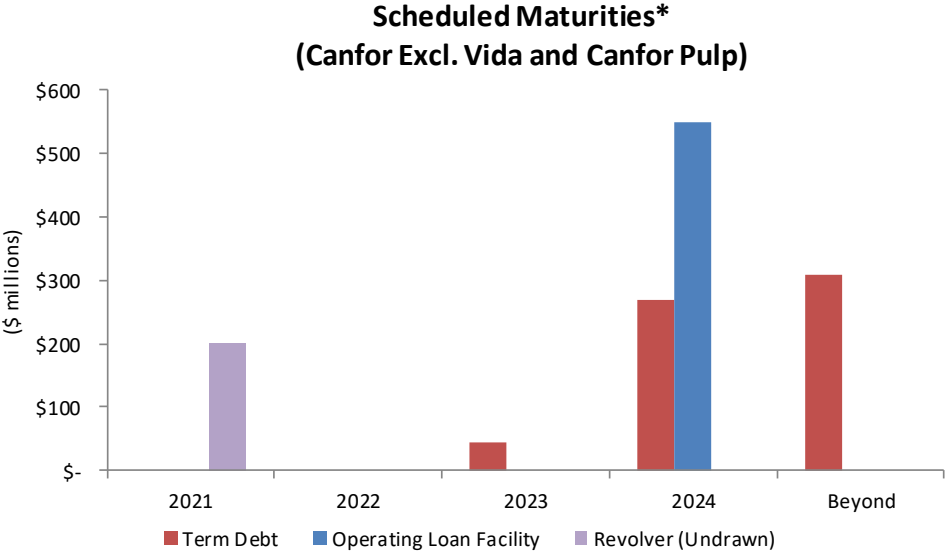
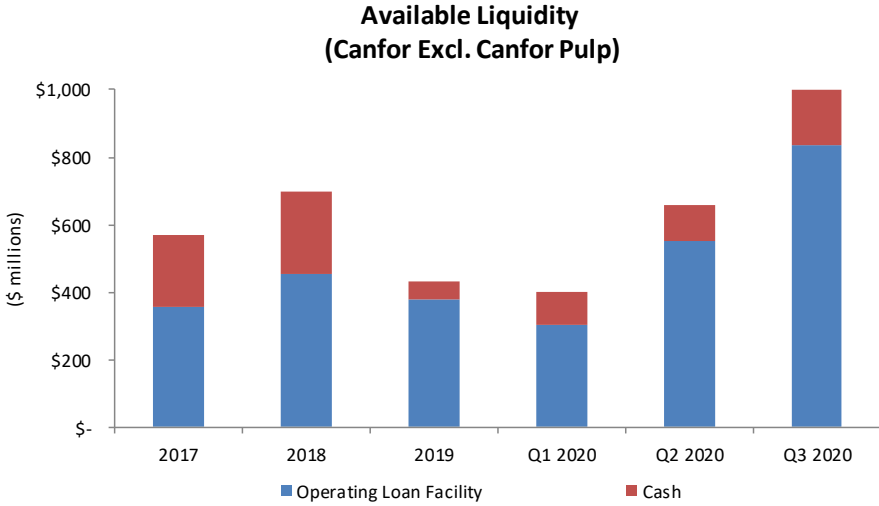
VIDA Sales by Country - 2019



VIDA Acquisition Enhancing Market & Product Diversification



Liquidity Update - Canfor



Canfor (excluding Canfor Pulp) had available liquidity of approximately \$1.0 billion at end of Q3 2020

Available liquidity improved by approximately \$345 million during the third quarter, supported by record high lumber prices and various initiatives underway to maintain balance sheet strength:

- Liquidity benefited from significant cash earnings associated with record-high lumber prices combined with favourable working capital movements
- Canfor (excl. Canfor Pulp and Vida) fully repaid its operating loan facility in the third quarter; no scheduled debt maturities until late 2023
- Vida retains strong liquidity position following acquisition of Bergs Timber; cash of approximately \$35 million at end of Q3; operating lines renewed annually
- As of September 30, Canfor had paid cumulative cash duty deposits of approximately \$550 million
- The Company remains in full compliance with all covenants relating to operating loan facilities and long-term debt and expects to remain so for the foreseeable future

*US dollar denominated term debt translated at an assumed CAD to USD foreign exchange rate of \$1.30





Canfor Pulp



Pulp Market Outlook

Supply

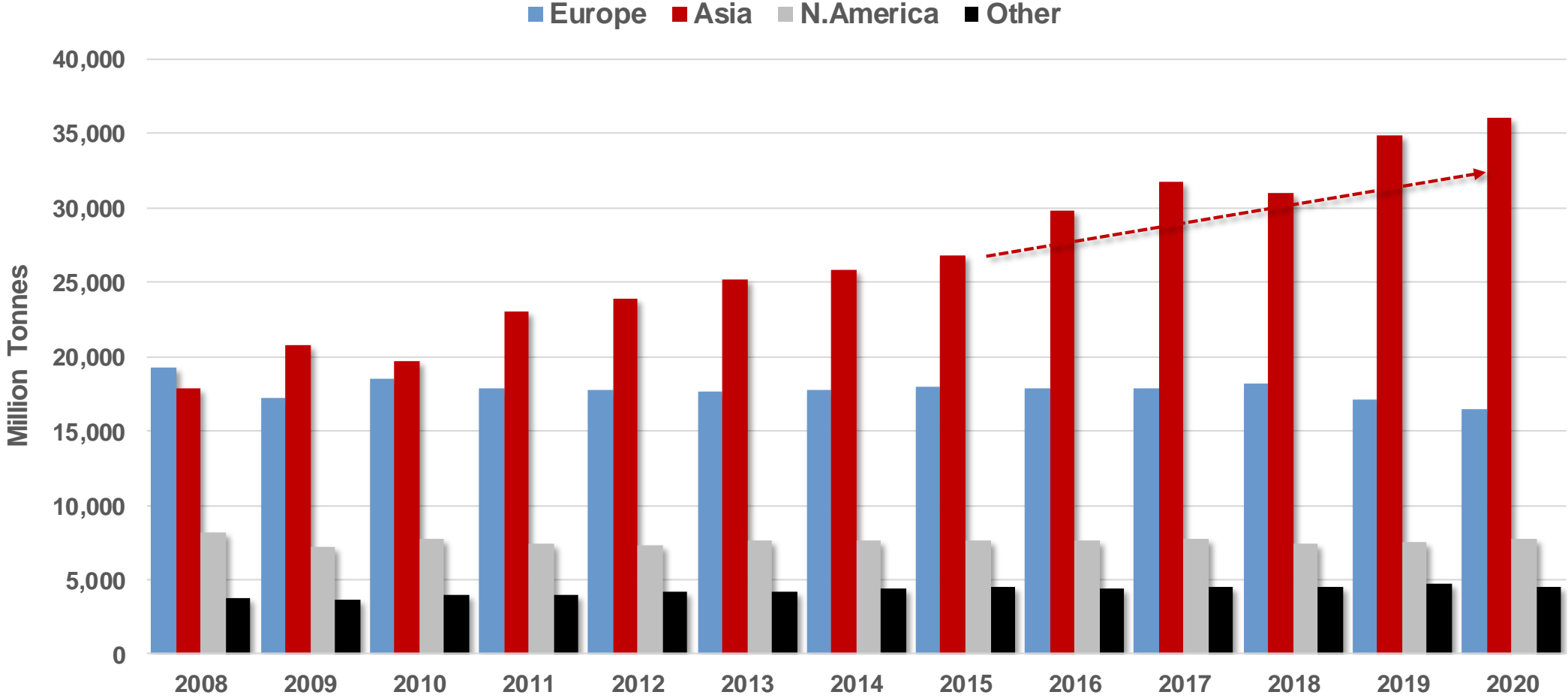
- Softwood capacity in 2021 projected to be flat with increased supply at Nordic Kraft and Domtar Ashdown mitigated by Paper Excellence closures of Pictou and Mackenzie
- COVID-19 providing some challenges with respect to major maintenance and project schedules
- PPC projects Softwood Market Pulp Capacity in 2024 to be 250,000 (0.9%) tonnes higher than 2019
- PPC forecasts global pulp demand/capacity balance for softwood market pulp at 91% in 2020, rebounding to 92% in 2021 and gradually increasing to 94% to 2024
- Capacity increase through 2024 will be mainly concentrated on Hardwood market pulp in South America leading to hardwood pulp demand/capacity balance in the 89% to 93% range

Demand

- Global tissue demand up 3.2% YTD August 2020 reflecting increased “At Home” demand, offset in part by lower “Away From Home” usage
- Global tissue demand estimated to growth at ~3% 2020 - 2024
- Global Printing & Writing Paper decline accelerating due to COVID (down 15% for YTD August 2020) with Western Europe seeing significant weakness (down 20% for YTD August 2020)
- PPC projects a 1.6% increase in global demand for Market Pulp in 2020 and 2.6% decrease in Softwood demand
- PPC estimates Chemical Market Pulp Demand to rebound by 1.2% in 2021 and increase by an average of 1.5% annually between 2022-2024

2008-2020 Global Market Pulp Demand

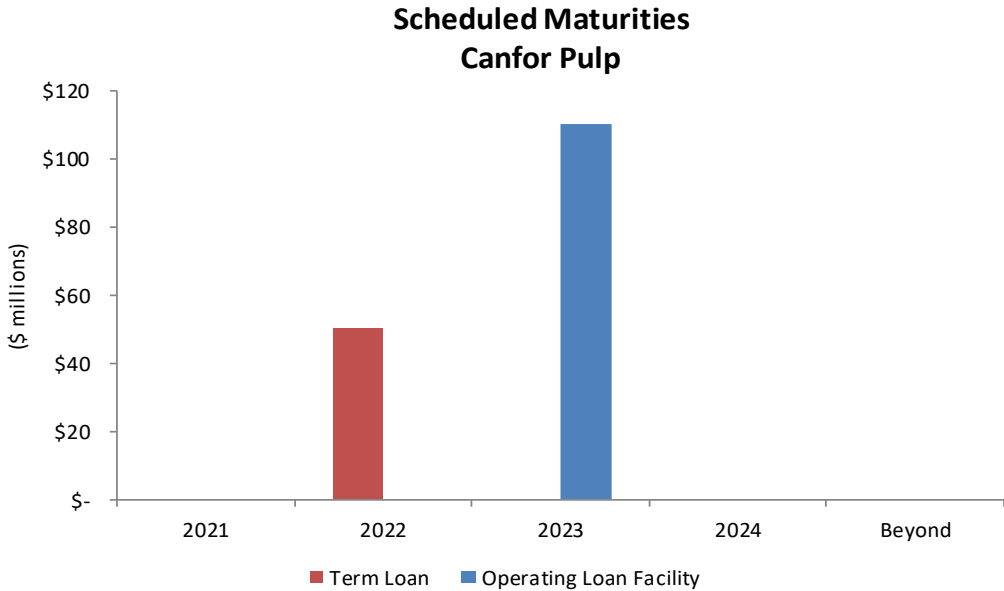
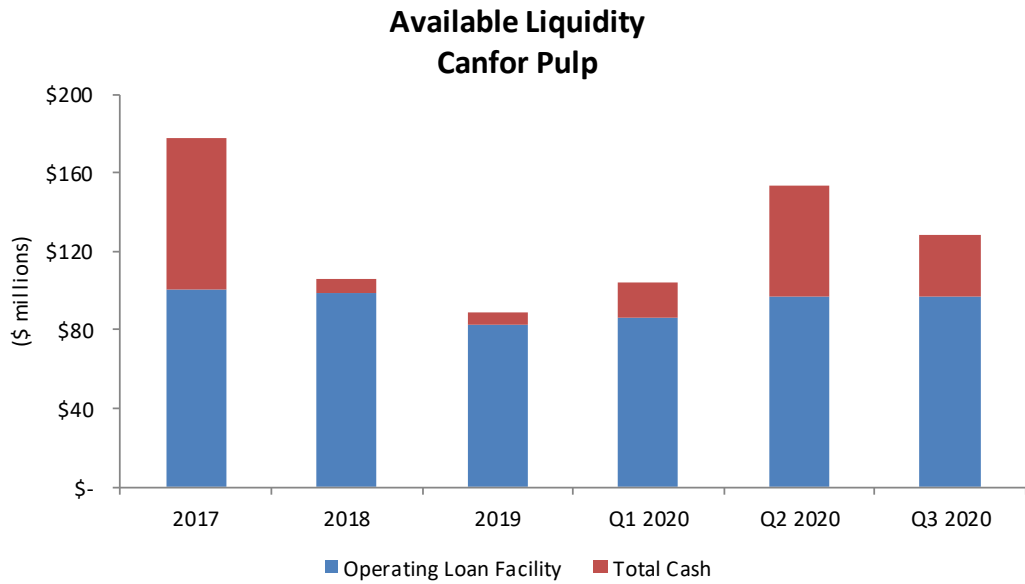
China is the largest consumer of pulp



Source: PPPC



Liquidity Update – Canfor Pulp



Canfor Pulp had available liquidity of approximately \$130 million at end of Q3 2020

Canfor Pulp remains focused on maintaining its balance sheet strength in light of current environment:

- Suspension of all non-essential overhead, disciplined cash management and government programs supporting liquidity
- Suspension of quarterly dividend for the foreseeable future recognizing significant market-challenges, Northwood RB5 capital project
- \$50 million term debt matures in late 2022, with available operating line providing adequate liquidity for the foreseeable future
- The Company remains in full compliance with all covenants relating to operating loan facilities and long-term debt and expects to remain so for the foreseeable future



Canfor / Canfor Pulp – Value Proposition



High Quality Products & Customers

Sustainable, High-Quality Fibre Supply

Well Capitalized Mills

Top Performing Pulp, Lumber Business

Strong Balance Sheet



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