

Canfor Corporation

Acquisition of Millar Western Assets

December 16, 2021



Forward-Looking Statements

The presentation contains historical information, descriptions of current circumstances and statements about potential future developments including statements regarding the anticipated timing and benefits of the transaction between the Company and Millar Western Forest Products Ltd., anticipated synergies, and the manner of achieving such synergies. The latter, which are forward-looking statements, 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 and labour 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 Reports for the year ended December 31, 2020.

In addition, assumptions on which such forward-looking statements are based include the timely receipt of regulatory approvals and no adverse regulatory decisions, the Company's timely and successful integration of the acquired assets, and the accuracy and completeness of information provided to the Company in respect to the acquired assets. There can be no assurance that the proposed transaction will occur or that the anticipated strategic benefits and synergies will be realized in their entirety, in part or at all.

Transaction Overview

Acquisition of high-quality assets located Alberta:

- Whitecourt Sawmill
- Fox Creek Sawmill
- Spruceland Millworks
- Approximately 750,000 m3 of annual harvesting rights
- Additional fibre sources secured via long term contracts
- Total production capacity of 630 million board feet

Cash purchase price of \$420 million, including approx. \$56 million of working capital



Fox Creek 120 MMfbm

Whitecourt 330 MMfbm

Spruceland 180 MMfbm

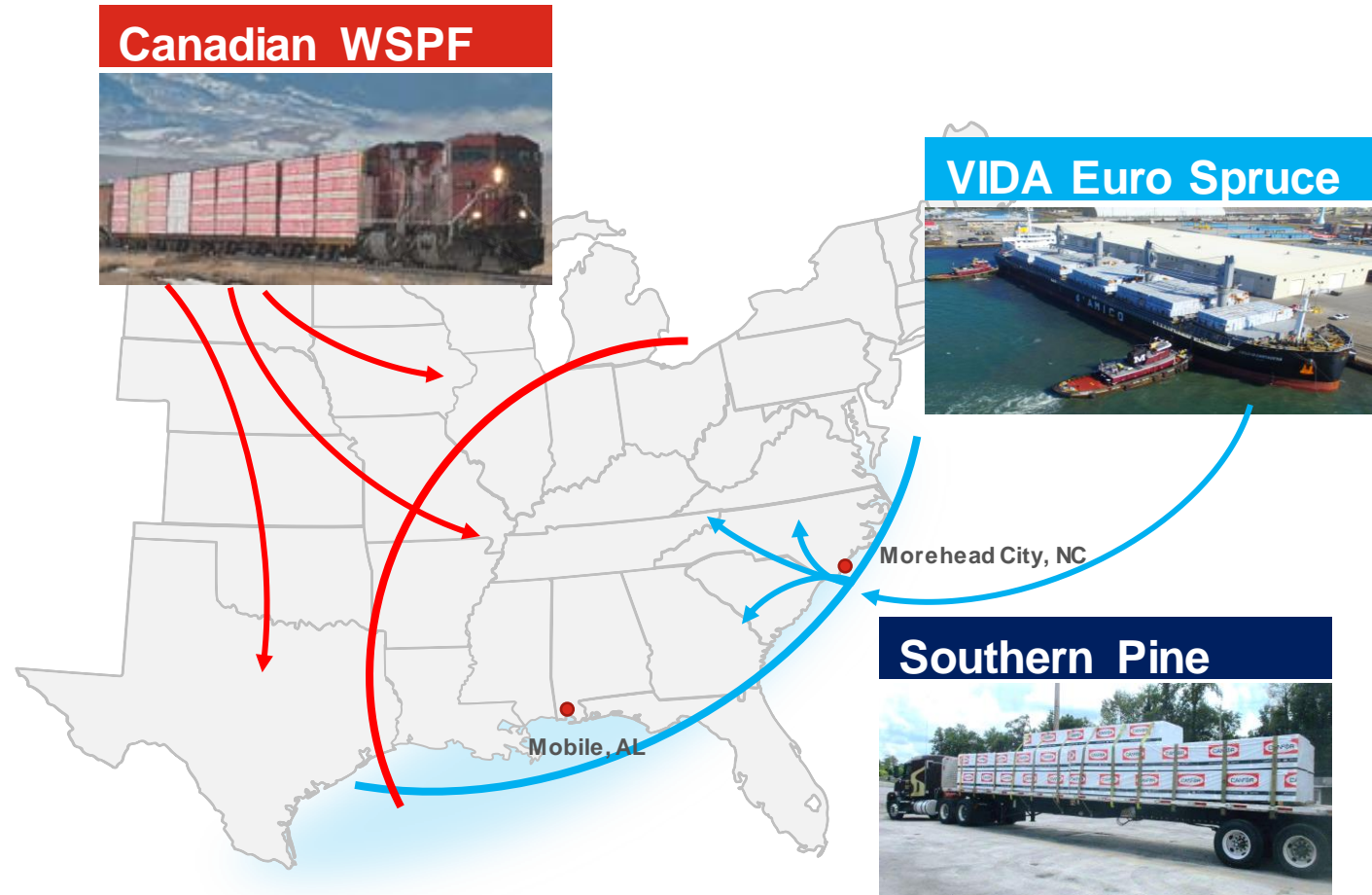
Strong Strategic Alignment

- Rare opportunity to add meaningful supply of Western SPF capacity
- Improves regional diversification with increased exposure to low-cost region of Alberta
- Well capitalized operations with significant access to high-quality, sustainable fibre supply
- Increased exposure to high-value, specialty products supporting more stable returns
- Improves ability to leverage global presence and support growth of strategic customers
- Alignment with existing operations providing significant annual synergies

Sales and Marketing

Expanded footprint in Alberta improving Canfor's Western SPF product offering

- Alberta well positioned on the cost curve and improves Canfor's ability to serve and grow with key strategic customers
- Significant synergies identified with increased ability to leverage global presence
- State-of-the-art sawmills producing dimensional lumber used in residential and commercial construction
- Spruceland facility focused on high value products including Decking, Boards and other specialty products
 - Significant majority of products shipped within Canada, limiting exposure to US Duties
 - Complements Canfor's existing operations



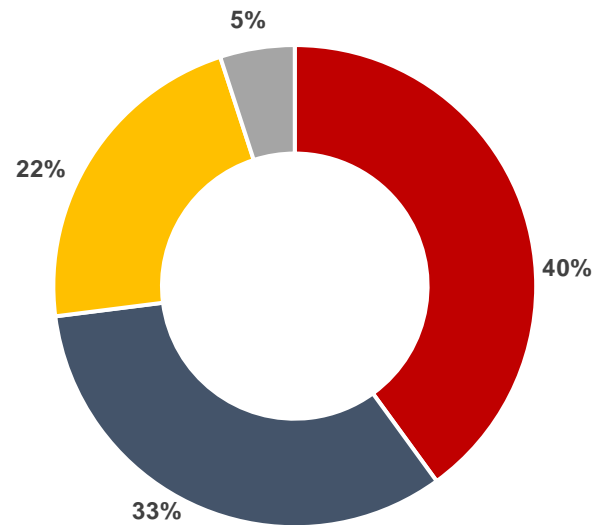
Financial Highlights

Total consideration of \$420M, including \$56M of working capital

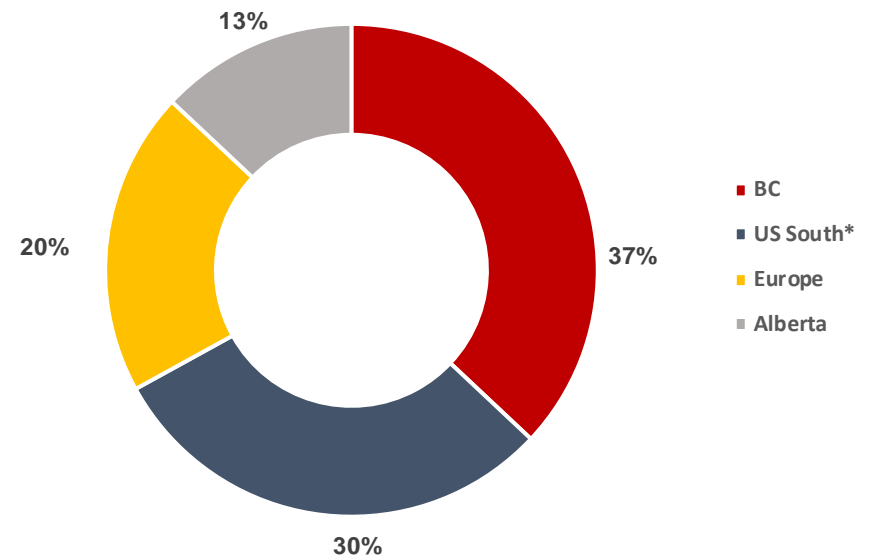
- Capacity Multiple of \$667/Mfbm (\$578/Mfbm excl. working capital)
- Annual synergies of approximately \$25 million identified, expected to be achieved within two years
- 2020/2021 average EBITDA multiple of 3.0x (2.5x including synergies)
- Purchase price to be funded with cash on hand
- Subject to regulatory approval and customary closing conditions, anticipated to close in first quarter of 2022

Pro Forma Lumber Capacity

Current
6.7 billion board feet



Proforma
7.3 billion board feet



- BC
- US South*
- Europe
- Alberta

*Includes Greenfield sawmill in Louisiana

Investor Contacts

Pat Elliott

SVP, Corporate Finance and Sustainability
patrick.elliott@canfor.com 604-661-5441

Dan Barwin

Director, Corporate Finance
daniel.barwin@canfor.com 604-661-5390

