

Canfor Corporation

Annual General Meeting, April 23, 2020 1:00 p.m. Pacific

Instructions:

1. This is a listen only event
2. Please mute your audio line
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CEO Report



This meeting is being virtually broadcast from the unceded territory of the Coast Salish peoples, including the territories of the Musqueam, Squamish, and Tsleil-Waututh Nations

Board Changes

Mack Singleton is retiring from Canfor's board. He has been an invaluable resource as Canfor has expanded in the southern US.

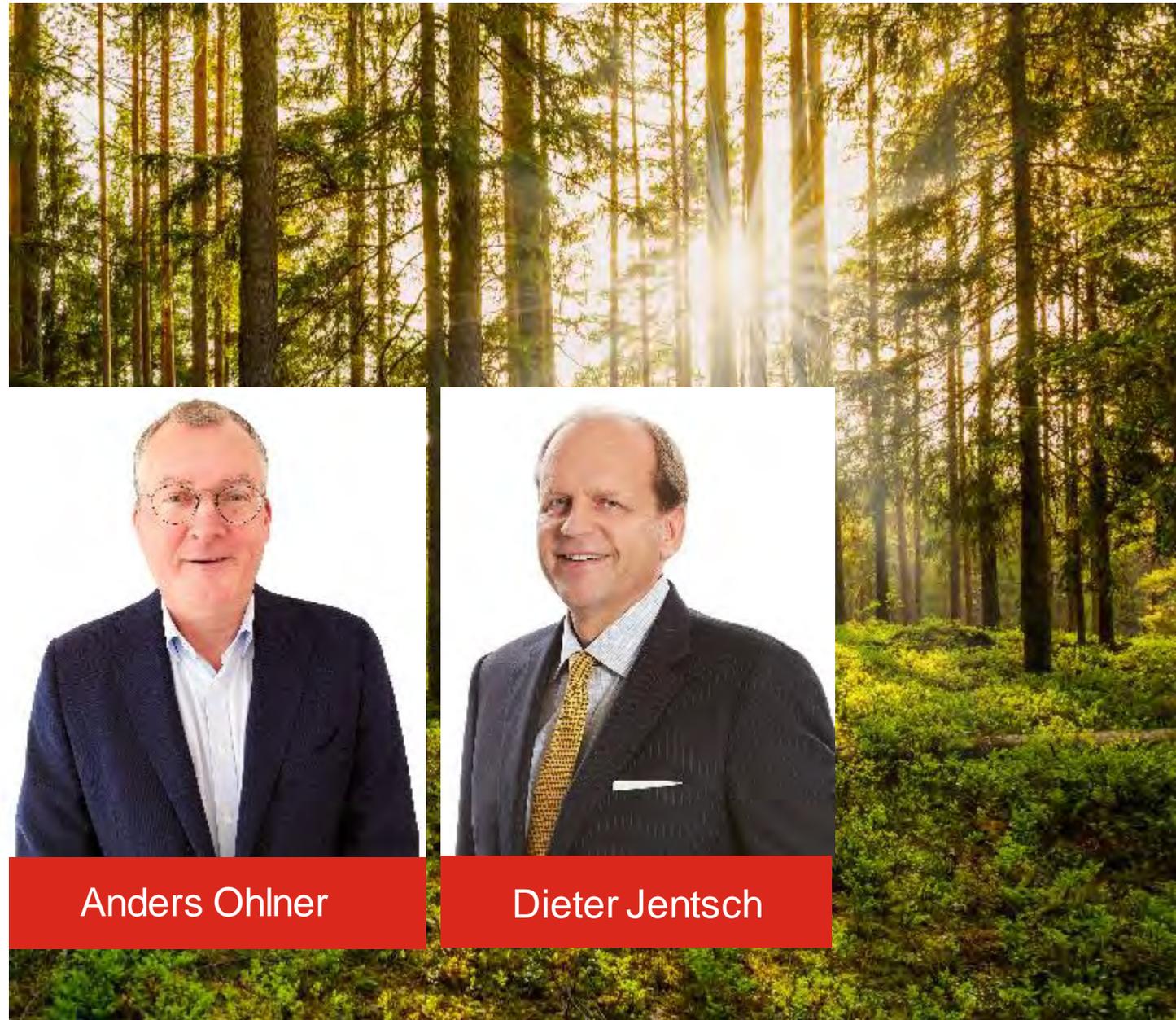
We look forward to having **Anders Ohlner** and **Dieter Jentsch** join the board – their deep global experience will be an asset to Canfor.



Anders Ohlner



Dieter Jentsch



The Canfor Team



It's through their hard work that we **consistently deliver high products** to our customers

On behalf of the management team and our board of directors, a **heartfelt thanks to all our employees**

2019 Financial Overview

Adjusted Operating Loss (Canfor)

(\$92.3) million for 2019

Operating Loss (Canfor Pulp)

(\$31) million for 2019



2019 Pulp Markets

Global pulp prices fell sharply over the course of 2019 as purchasing activity in China declined and markets elsewhere also weakened.



- **Global pulp inventory** remained high
- **In Europe** demand for printing and writing papers fell significantly

2019 Lumber Markets

After a challenging start to the year, **global lumber markets showed a modest improvement in late 2019**, particularly in the US.



Demand in China was weaker overall stemming from the ongoing trade dispute between China and the US.

Sales in Japan rebounded in the second half of the year.

European lumber demand was strong in the first half of the year and was more subdued in the second half of the year.

Acquisitions

2019 began with the closing of the agreement to **purchase 70% of Vida**

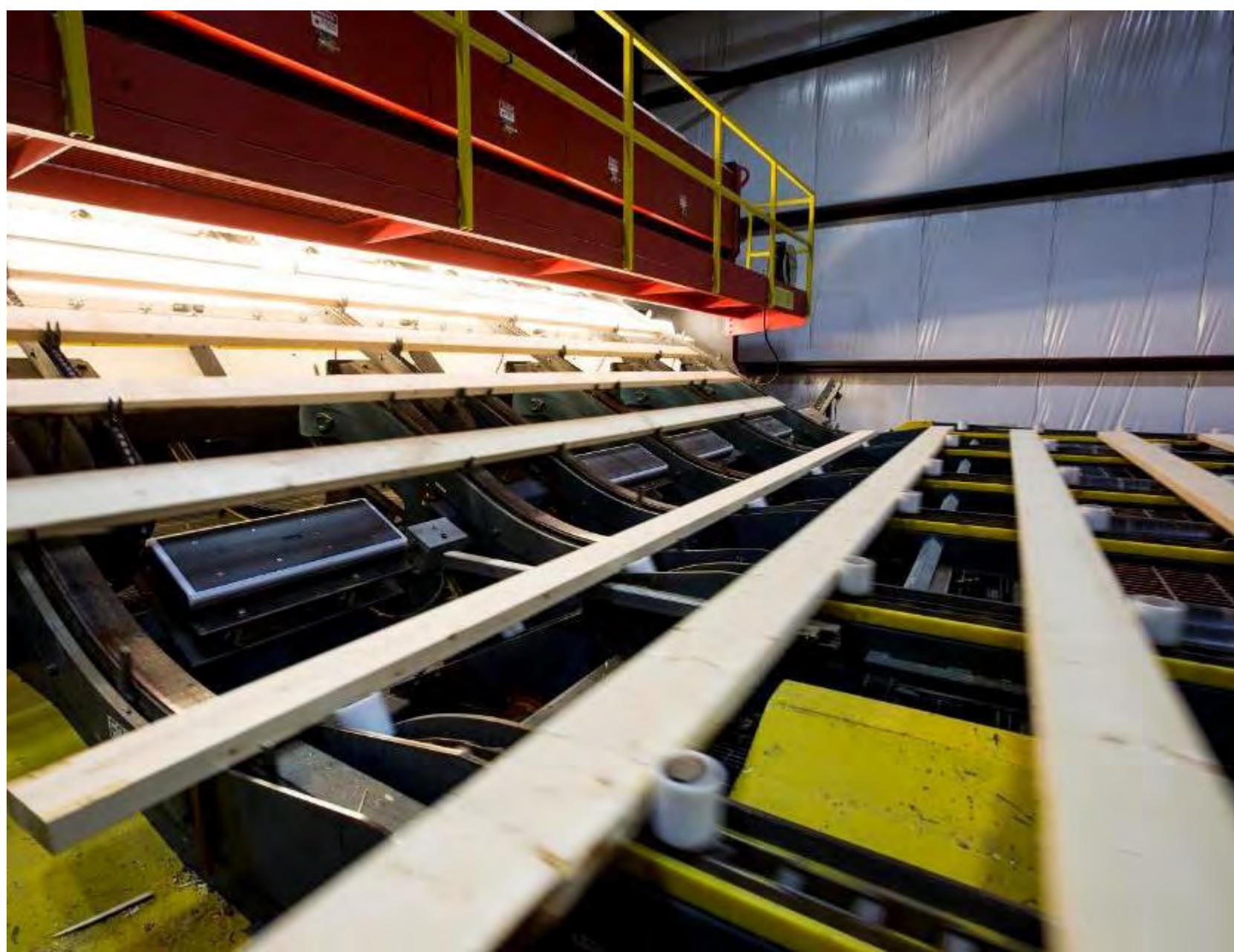
In May 2019, we closed the first phase of the **agreement to acquire 49% of Elliott Sawmilling**



Sawmill Curtailments

We had to make a **series of difficult decisions**, including multiple curtailments, permanently closing the Vavenby, indefinitely curtailing Mackenzie and permanently eliminating a shift at Isle Pierre.

The operating challenges reinforced to us the **importance of diversifying our operating footprint beyond Canada.**



Pulp Mill Curtailments

The sawmill curtailments impacted the **available supply of chip residuals** and as a result we took **phased curtailments at our pulp mills** over the summer of 2019.

We have worked to reinforce our fibre supply by securing cost-competitive fibre agreements over the long term.





SLA Update

We continued to pay combined duties of **20.5% on softwood lumber exports** to the US

As of the end of 2019, we had **approximately \$421 million in duties on deposit**

US Department of Commerce announced the preliminary results of the first review period, **which will significantly reduce our rates to about 5%** in August

Q1 2020 Financial Results

Adjusted Operating Loss (Canfor)

**(\$88.8) million
or an adjusted loss of (\$25.9) million**

Operating Income (Canfor Pulp)

\$6.1 million



Looking Forward

We anticipate that **US home construction** activity will remain at depressed levels with demand volatility varying on a regional basis

European lumber market conditions will remain challenging through Q2 before improving later in the year

Global softwood pulp demand is currently projected to be solid through the second quarter of 2020

COVID-19 Response

Our top two priorities are

1. Protecting the health of our employees
2. Executing on our strategy to sustain the business for the long term

We implemented a **COVID-19 action plan**, which continues to evolve.



COVID-19 Impacts on the Business

In all of the states and provinces where we operate, **forestry, including pulp and paper, has been deemed an essential service.**

We are working closely with all levels of government regarding the worker and business support programs they've put in place.



Reduced Capital Spending

Canfor Pulp estimates **capital spending of \$25 million**, which is \$55 million less than in 2019

Canfor is **reducing its planned capital spending** by \$20 million for our Canadian and US operations

We have also implemented **hiring and salary freezes**

Developing the Path Forward

We're giving more thought to what our business will look like in the future, like flexible work environments and embracing more efficiencies across the company.

Our priority today remains ensuring a stable operating environment.



Mark Feldinger's Retirement

Mark Feldinger, Senior Vice President, Supply Chain, will be retiring later this year.

On behalf of the executive team and the board, **thank you for your leadership, loyalty and dedication.**





Thank You

Shareholder Questions