Raymond James

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, 2018 available at www.canfor.com or www.sedar.com.
Lumber Supply & Demand
## 2020 – US Softwood Lumber Supply & Demand

### U.S. Lumber Supply

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. PRODUCTION</td>
<td>34.9</td>
<td>35.1</td>
<td>35.5</td>
</tr>
<tr>
<td>Imports – Canada</td>
<td>13.6</td>
<td>13.2</td>
<td>12.8</td>
</tr>
<tr>
<td>Imports – EU &amp; Other</td>
<td>1.4</td>
<td>1.5</td>
<td>1.9</td>
</tr>
<tr>
<td>U.S. Exports (minus)</td>
<td>1.7</td>
<td>1.4</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Total Supply</strong></td>
<td><strong>48.2</strong></td>
<td><strong>48.4</strong></td>
<td><strong>49.1</strong></td>
</tr>
</tbody>
</table>

### U.S. Lumber Demand

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New Home¹</td>
<td>15.8</td>
<td>16.2</td>
<td>16.7</td>
</tr>
<tr>
<td>Repair &amp; Remodeling</td>
<td>17.5</td>
<td>17.5</td>
<td>18.2</td>
</tr>
<tr>
<td>Industrial</td>
<td>12.0</td>
<td>12.1</td>
<td>12.1</td>
</tr>
<tr>
<td>Non-Residential</td>
<td>2.5</td>
<td>2.6</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Total Demand</strong></td>
<td><strong>47.8</strong></td>
<td><strong>48.4</strong></td>
<td><strong>49.7</strong></td>
</tr>
</tbody>
</table>

**Supply Deficit** ~0.6 B

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Source: WWPA, Statistics Canada, FEA, Canfor
US Softwood Lumber Demand

Source: WWPA, FEA, Canfor
US Housing Starts

Analysts’ Forecast (1,000 units)

<table>
<thead>
<tr>
<th>Analyst (,000 units)</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Bankers Assoc.</td>
<td>1,305</td>
</tr>
<tr>
<td>Forest Economic Adv</td>
<td>1,363</td>
</tr>
<tr>
<td>CIBC</td>
<td>1,335</td>
</tr>
<tr>
<td>Freddie Mac</td>
<td>1,280</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>1,351</td>
</tr>
<tr>
<td>NAHB</td>
<td>1,286</td>
</tr>
<tr>
<td>Average</td>
<td>1,320</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, Canfor, CIBC, APA
Key Economic Indicators Support Housing Starts

Source: Freddie Mac
R&R Spending – Key Indicators Tracking Positively

- Homeowner Equity (Bil $)
- Existing Home Sales (Mil)

**Median Age of Owner-Occupied Housing**

- 10% increase in Existing Home Sales in 2019, supporting 2020 R&R growth
- 54% of homes were built before 1980, only 4% between 2010-15

Source: 2016 American Community Survey (ACS), FEA, St. Louis Federal Reserve, OECD
Transforming Wood Use

Rapid innovation and changes to building codes around the world are transforming wood use.
- Permanent annual capacity reductions of ~2.1 Bfbm announced in 2019
- BC production down 18% from 2018
- East of the Rockies production down 2.4% from 2018

Source: FEA, Canfor
Canadian Shipments to the US Decline in 2019

Production curtailments in BC partially offset by gains from Alberta, Ontario and Quebec

<table>
<thead>
<tr>
<th>Volume (Bfbm)</th>
<th>2019</th>
<th>2018</th>
<th>% Chg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>5.60</td>
<td>6.60</td>
<td>-15%</td>
</tr>
<tr>
<td>Alberta</td>
<td>1.73</td>
<td>1.66</td>
<td>4%</td>
</tr>
<tr>
<td>Ontario</td>
<td>1.33</td>
<td>1.26</td>
<td>6%</td>
</tr>
<tr>
<td>Quebec</td>
<td>2.79</td>
<td>2.61</td>
<td>7%</td>
</tr>
<tr>
<td>Maritimes</td>
<td>1.31</td>
<td>1.26</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>0.44</td>
<td>0.21</td>
<td>109%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13.20</strong></td>
<td><strong>13.60</strong></td>
<td><strong>-3%</strong></td>
</tr>
</tbody>
</table>

Source: DFAIT
Canadian Shipments to the U.S. and Offshore Markets

Note: Does not include Canadian domestic shipments

Source: COFI, BC Government
EU Export Trends: Softwood Lumber

EU Exports Approach 19 Bfbm in 2019

Key Producers: Austria, Germany, France, Finland, and Sweden

Source: FAO, Canfor
W-SPF 2x4 Commodity Lumber Prices (US$/Mfbm)

2017 BC Forest Fires
1.2 M ha. (July - Sept)

2018 Severe Winter
Railcar shortage

Curtailment
Announcements

Curtailment
Announcements

SLA

19.8% CVD
(April – Aug)

6.87% AD
(Aug – Dec)

20.23% CVD / AD
(Jan – current)
Operations
Canfor Operations

Lumber
- **32 Sawmills** with annual operating capacity of 6,400 MMfbm
  - 11 Western Canada - 3,300 MMfbm
  - 12 US South - 2,000 MMfbm
  - 9 Sweden - 1,100 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
- BC: 47%
- US South: 31%
- Europe: 17%
- Alberta: 5%

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 – US South
- Trucking Fleet – US South
Western Canada

- Significant action taken in 2019 in response to challenging market conditions and escalating log costs in British Columbia
- Approx. 2.1 billion board feet of permanent industry rationalization to-date
- Estimated ~1.0 billion board feet of additional rationalization required to balance demand with long-term fibre supply
- Company has taken a number of short and long term measures to mitigate fibre cost escalation and support improved market pricing
- Remaining BC assets supported by high quality fibre and significant capital investment in recent years
- Anticipating modest reduction in log costs in 2020 reflecting impact of rationalization and lower market pricing in 2019
Fulton Planer mill; CDK; infrastructure (2019)

Camden – Full Mill Upgrade (2019)

US South

• 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) largely completed towards end of 2019

• Strong fibre supply region, high performing operations

• Focus on high-value products and market diversification supporting sales realizations and strong operating margins
## Canfor High Value Product Diversification

### Products that unlock incremental value with stabilized pricing

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

- Visual appearance is primary purchase variable
- Matching sizes to end-user requirements
- Leverage fibre strength to match demand
Overview of VIDA

- 9 sawmills with 1.1 billion board feet of capacity
- 9 value-added facilities - premium packaging, modular housing, industrial products and energy
- Access to significant supply of high quality spruce and pine fibre in close proximity to sawmills
- Production primarily focused on structural timber, more than 90% of which is exported to markets other than North America
- Excellent management team across the company
- 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
- Geographic and product diversification contributing to more steady pricing over the cycle
Sweden Fibre
Sweden traditionally divided into three regions

North
(N. Norrland & S. Norrland)

Central
(Svealand)

South
(Götaland)

- Three of the four large sawmillers in South Sweden operate largely in specific geographic regions, making up an estimated 60% of Götaland’s softwood sawlog consumption of 13.5 million m³
- Log supply in Southern Sweden is predominantly high-quality spruce
- VIDA’s purchases 100% of its fibre (largely from private individuals), leveraging technology to maximize efficiency and optimize forest utilization
- Technology improving the ability to manage log deliveries, profile and quality, ensuring the right log to the right mill
- Södra maintains a co-op of approx. 51,000 forest owners in southern Sweden, providing support for sustainable, efficient forest management
- Fibre costs tightly correlated to market pricing supporting more stable earnings
VIDA Acquisition Enhancing Market & Product Diversification
Announced Major Capacity Changes to 2019 - 2022

- **CANADA**
  - NORDIC KRAFT
    - LEBEL-SUR-QUEVILLON, QC
    - SW 300
    - 2022

- **CHILE**
  - ARAUCO
    - HW 1,300
    - 2021/ Q2

- **CHILE**
  - ARAUCO
    - VALDIVIA
    - SW & HW (550) TO DP
    - 2019/Q4

- **UNITED STATES**
  - ND PAPER
    - OLD TOWNE, ME
    - UKP 275
    - 2019/Q3 50%

- **CANADA**
  - Paper Excellence
    - PICTOU COUNTY, NS
    - SW 295
    - 2020

- **URUGUAY**
  - UPM
    - PLUNTA PIERREIRA
    - HW 2,100
    - 2021/Q4

- **FINLAND**
  - STORA ENSO ENOCELL
    - SW (330) TO DP
    - 2019/Q3

- **FINLAND**
  - STORA ENSO
    - ENOCELL
    - SW (330) TO DP
    - 2019/Q3

- **RUSSIA**
  - ILIM
    - Ust-Ilimsk
    - SW&HW 130
    - 2022

- **RUSSIA**
  - ILIM
    - Bratsk
    - HW 175
    - 2020/Q4

Source: PPPC – May 2019 and UPM update (000s tonnes)
**Supply**

- Softwood capacity projected to drop in 2020 after conversions to dissolving pulp at Stora Enso Enocell in Sweden and Arauco Valdivia in Chile
- Very little additional pulp capacity until 2021 for either softwood or hardwood
- Recycled import restrictions continue to dramatically reduce shipments of recycled material to Asia
- Most recent project to be confirmed by PPC is UPM – Paso de los Toros, Uruguay for 2022
- Traditional spring maintenance in Q2 2020 will reduce supply, supporting a continued reduction of excess inventories

**Demand**

- PPC projects a 2.8% increase in global demand for Market Pulp in 2019 and 4.5% increase in Softwood demand
- Improved demand in China as traders destocked in H2 2018 and restocked in 2019
- Western Europe seeing significant weakness in Printing & Writing segment
- Global Tissue demand increasing at approximately 2-3% per year
- PPC forecasts global pulp demand/capacity balance, softwood and hardwood combined, of 89.2% in 2019 then climbing to an average of 90.0% in 2020-2022
2008-2019 Global Market Pulp Demand

China is the largest consumer of pulp

Source: PPPC
Medium & Long Term Trend Looking Favourable

Pulp Operating Rates

Source: PPPC November 2019
Canfor / Canfor Pulp – Value Proposition

High Quality Products & Customers
Sustainable, High-Quality Fibre Supply
Well Capitalized Mills
Top Performing Pulp, Lumber Business
Balance Sheet Liquidity
Investor Contacts

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