

For Immediate Release

November 09, 2018

Canfor to Acquire Elliott Sawmilling Co., Inc.

Vancouver, BC — Canfor Corporation (TSX:CFP) announces it has entered into an agreement to purchase Elliott Sawmilling Co., Inc. located in Estill, South Carolina (“Elliott”) for a purchase price of US\$110 million, which includes normalized working capital.

The purchase price represents a 4.3 times EBITDA multiple based on Elliott’s twelve months trailing EBITDA. The transaction will be completed in two phases with 49% being acquired on closing and 51% being acquired one year later.

Elliott has a production capacity in excess of 210 million board feet and the sawmill consists of both large and small log lines.

“We are thrilled to welcome the employees of Elliott to the Canfor team. Elliott has an excellent management team and produces high quality products that will align well with Canfor’s high-value product mix. Nash Elliott will continue as the General Manager after the transaction is completed,” said Don Kayne, President and Chief Executive Officer of Canfor. “The purchase of Elliott will further expand our production capacity to meet the growing demand of our customers.”

The transaction is expected to close in the first half of 2019 and is subject to confirmatory due diligence, completion of certain transaction documents and other customary closing conditions.

Forward Looking Statements

Certain statements in this press release constitute “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. Words such as “expects”, “anticipates”, “projects”, “intends”, “plans”, “will”, “believes”, “seeks”, “estimates”, “should”, “may”, “could”, and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on management’s current expectations and beliefs and actual events or results may differ materially. There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. In addition, assumptions on which such forward-looking statements are based include the timely receipt of regulatory approvals and no adverse regulatory decisions, the timely and successful integration of the Company and Elliott and the accuracy and completeness of the information provided to the Company in respect of Elliott. There can be no assurance that the proposed transaction will occur or that the anticipated strategic benefits will be realized in their entirety, in part or at all. Forward-looking statements are based on current expectations and Canfor assumes no obligation to update such information to reflect later events or developments, except as required by law.

Canfor is a leading integrated forest products company based in Vancouver, British Columbia (“BC”) with interests in BC, Alberta, North and South Carolina, Alabama, Georgia, Mississippi and Arkansas. Canfor produces primarily softwood lumber and also owns a 54.8% interest in Canfor Pulp Products Inc., which is one of the largest producers of market northern bleached softwood kraft pulp and a leading producer of high performance kraft paper. Canfor shares are traded on the Toronto Stock Exchange under the symbol CFP.

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