

For Immediate Release

March 26, 2020

Canfor Corporation Announces COVID-19 Response Measures

Vancouver, BC — Canfor Corporation (TSX:CFP) is undertaking a series of significant measures in response to the COVID-19 outbreak, focused on protecting the health and safety of employees and communities, and adjusting business operations in response to rapidly changing global market conditions.

“Our principal focus is ensuring the safety and well-being of our people through these unprecedented times, while taking the necessary actions to protect the long-term sustainability of our business,” said Canfor Corporation President and CEO Don Kayne.

Health and Safety Response

The health and well-being of Canfor employees and contractors, their families and our communities are our top priority.

At our offices, facilities and work sites, we have implemented significant measures grounded in the recommendations of public health officials in each of our operating regions. These include restricting all travel, mandating self-isolation for returned travellers and any employees exhibiting symptoms or exposed to the virus, implementing physical distancing parameters between individuals, increasing cleaning and sanitization in workplaces, and where possible, instructing employees to work remotely to reduce interpersonal contact.

In addition to steps focused on physical health, we recognize that many people are experiencing stress and anxiety related to the COVID-19 virus and public health response. We have expanded our outreach and communication regarding mental health support services available to employees and their families.

Operational Response

The COVID-19 outbreak has negatively impacted global demand for forest products and disrupted supply chain networks. As a result, Canfor has implemented the following changes to its operating schedule. These curtailments and variable operating rates will be assessed weekly and adjusted as needed in response to rapidly evolving market conditions, changes in customer demand and the state of the COVID-19 response globally.

Canadian Operations

Effective March 30, Canadian lumber production will be curtailed by approximately 70 million board feet, or approximately 40%, over a three-week period. These reductions will be implemented across several British Columbia sawmills through a combination of temporary plant curtailments and reduced operating hours.

US Operations

Canfor Southern Pine operations will be taking a series of actions to reduce operating capacity by approximately 40% or 50 million board feet over a four-week period. The capacity reductions will be achieved through the implementation of variable shift schedules and reduced operating hours across the southern pine mills.

European Operations

Commencing next week, Swedish lumber production will be curtailed at two sawmills by 50% over a four-week period, representing a decrease in production of approximately 17 million board feet. This is primarily in response to the lockdown announced in Britain, which has resulted in a suspension of UK-bound shipments and a partial redirection of product to other global markets.

Reduction in Capital Expenditures

The Company has immediately reduced capital expenditures by CAD\$20 million for Canadian and US operations which, when taken together with an already lower capital budget for 2020, results in a year-over-year reduction in capital spend of approximately \$100 million across lumber operations compared to 2019. These reductions will be achieved through deferral of planned projects and suspension of in-progress initiatives that can be paused without significant impact. Remaining capital projects planned for 2020 and through 2021 are being reviewed with further adjustments possible based on economic conditions.

The COVID-19 crisis is rapidly evolving and the Company is continually evaluating risks, impacts and necessary response actions. There is the potential that further adjustments to operating plans may be required as a result.

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. 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, as well as in Sweden with its recent majority acquisition of Vida Group. Canfor produces primarily softwood lumber and also owns a 54.8% interest in Canfor Pulp Products Inc., which is one of the largest global 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. For more information visit canfor.com.

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