



For Immediate Release

December 16, 2021

Canfor Increasing Production Capacity and Diversifying with Acquisition of Millar Western Assets

Vancouver, BC – Canfor Corporation (TSX:CFP) is announcing that it has entered into an agreement with Millar Western Forest Products Ltd. (“Millar Western”) to acquire the company’s solid wood operations and associated tenure for \$420 million, including \$56 million in working capital. The purchase price represents a multiple of 3 times 2020 and 2021 average EBITDA. Canfor expects to generate at least \$25 million in annual synergies principally related to alignment with the Company’s marketing programs and operational enhancements.

Millar Western’s solid wood operations, located in Alberta, Canada, will add 630 million board feet of production capacity and have access to a globally competitive, high-quality timber supply. The assets consist of three well-capitalized operations including two sawmill complexes in Whitecourt and Fox Creek and the high-value, specialty Spruceland Millworks facility in Acheson that is dedicated to serving strategic markets and generates higher, more stable returns.

“The acquisition of Millar Western’s solid wood operations, including the highly successful Spruceland Millworks facility, is well aligned with Canfor’s strategy to grow and diversify our global operating platform. We are excited to expand our Alberta operations to meet the growing demand of our customers for high-quality and sustainable wood products,” said Don Kayne, President & CEO, Canfor. “We look forward to welcoming Millar Western’s dedicated and skilled employees to the Canfor team.”

Canfor anticipates financing this transaction with cash and liquidity on hand. The transaction is expected to close in the first quarter of 2022 and is subject to customary closing conditions including regulatory approvals.

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, Arkansas and Louisiana, as well as in Sweden with 70% interest in 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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