



CANFOR

Canfor Corporation.

January 2025

CIBC Western Institutional Investor Conference

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.

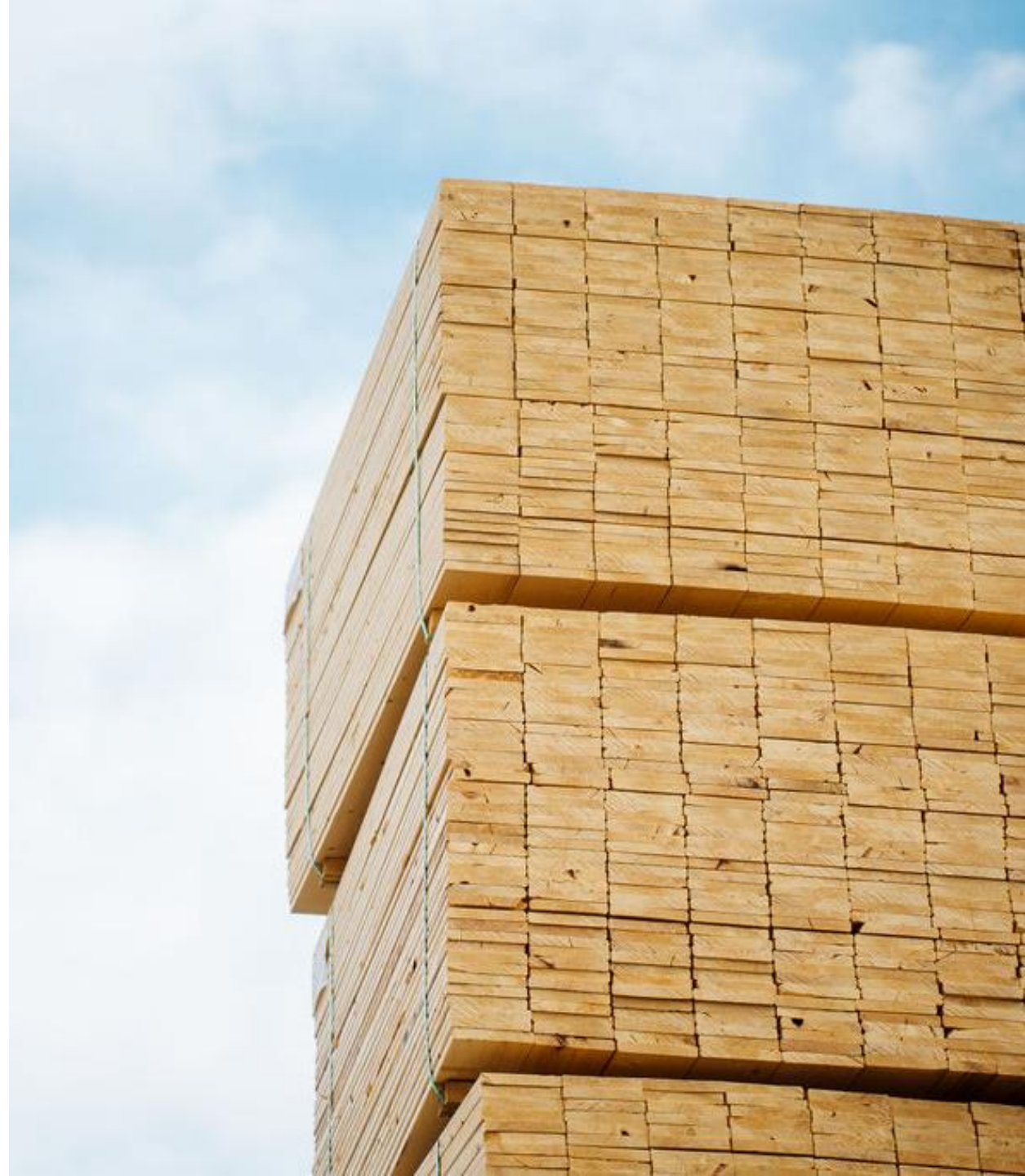
For further details on these factors and our assumptions and applicable risks and uncertainties, please refer to Canfor Corporation's Annual Report for the year ended December 31, 2023 available at www.canfor.com or www.sedar.com.

Pat Elliott

CFO, SVP Finance &
Corporate Secretary

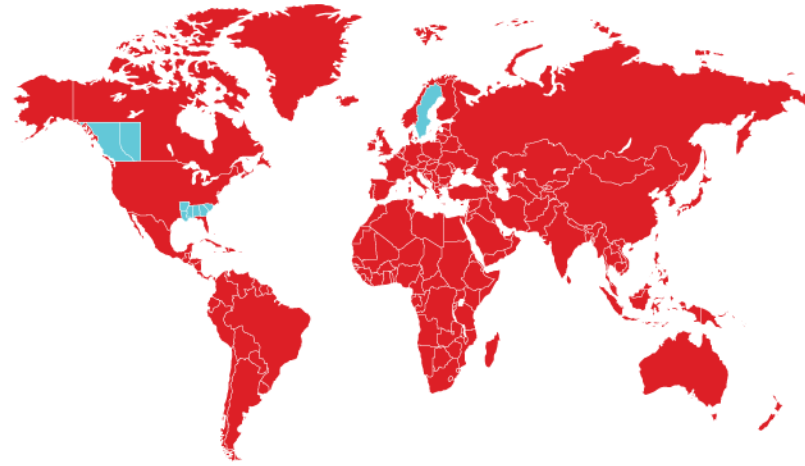
Dan Barwin

Director, Corporate Finance



Our operations.

We manufacture forest products in 3 countries:



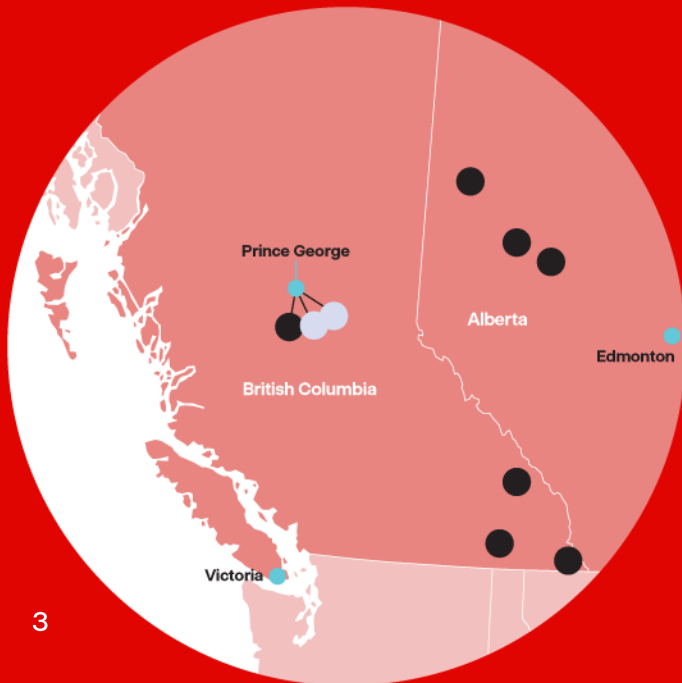
32 Sawmills (6.2 BBF annual capacity)*

16 Residual & Value-added facilities

2 Pulp mills (including integrated paper machine)

● Sawmill ● Pulp

Canada



United States



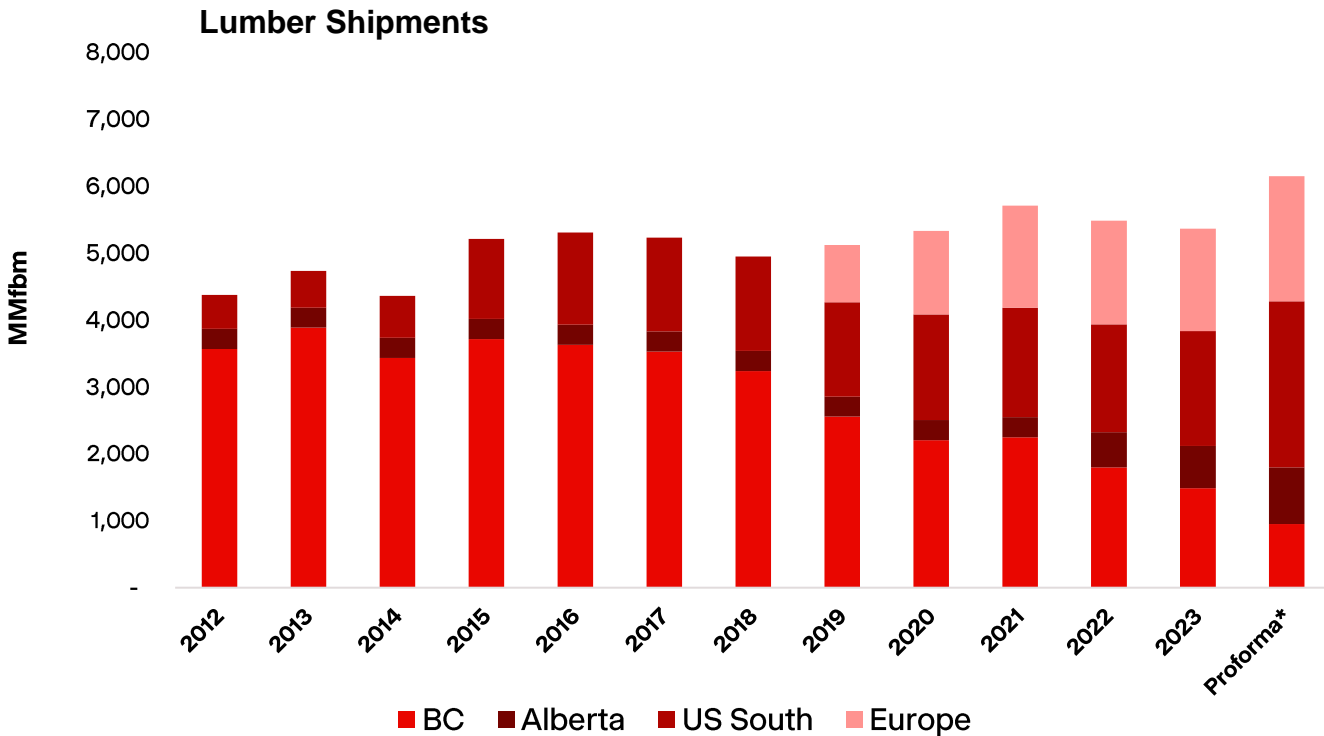
Sweden



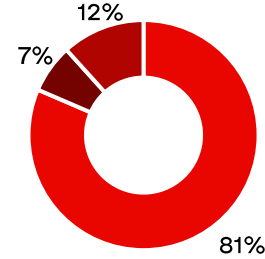
* Proforma following announced investments in US South and Sweden

Lumber business evolution.

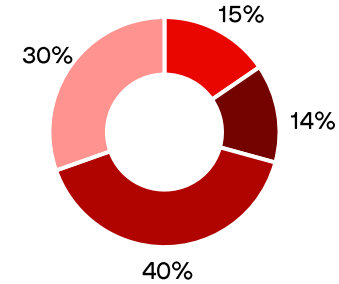
Executing on diversification strategy to support more stable returns over the cycle.



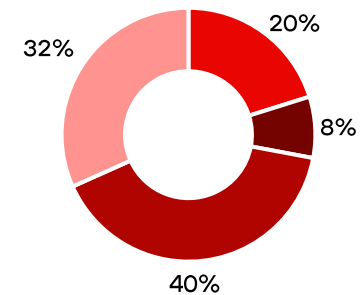
Regional Lumber Capacity 2012



Regional Lumber Capacity Proforma*



Lumber Segment EBITDA ** 2019-2024 Q3 YTD



Highlights.

Disciplined Approach to Growth

Over 3.2 BBF capacity acquired through M&A (~C\$580/Mfbm) since 2013¹

Significant Growth in US South

Achieved through targeted CAPEX, strategic acquisitions

Successful Expansion in Europe

Providing transformational growth and diversification; profitable through the cycle

Well Capitalized Platform in Alberta

Providing critical supply of SPF lumber in low-cost jurisdiction

Rightsizing BC Footprint

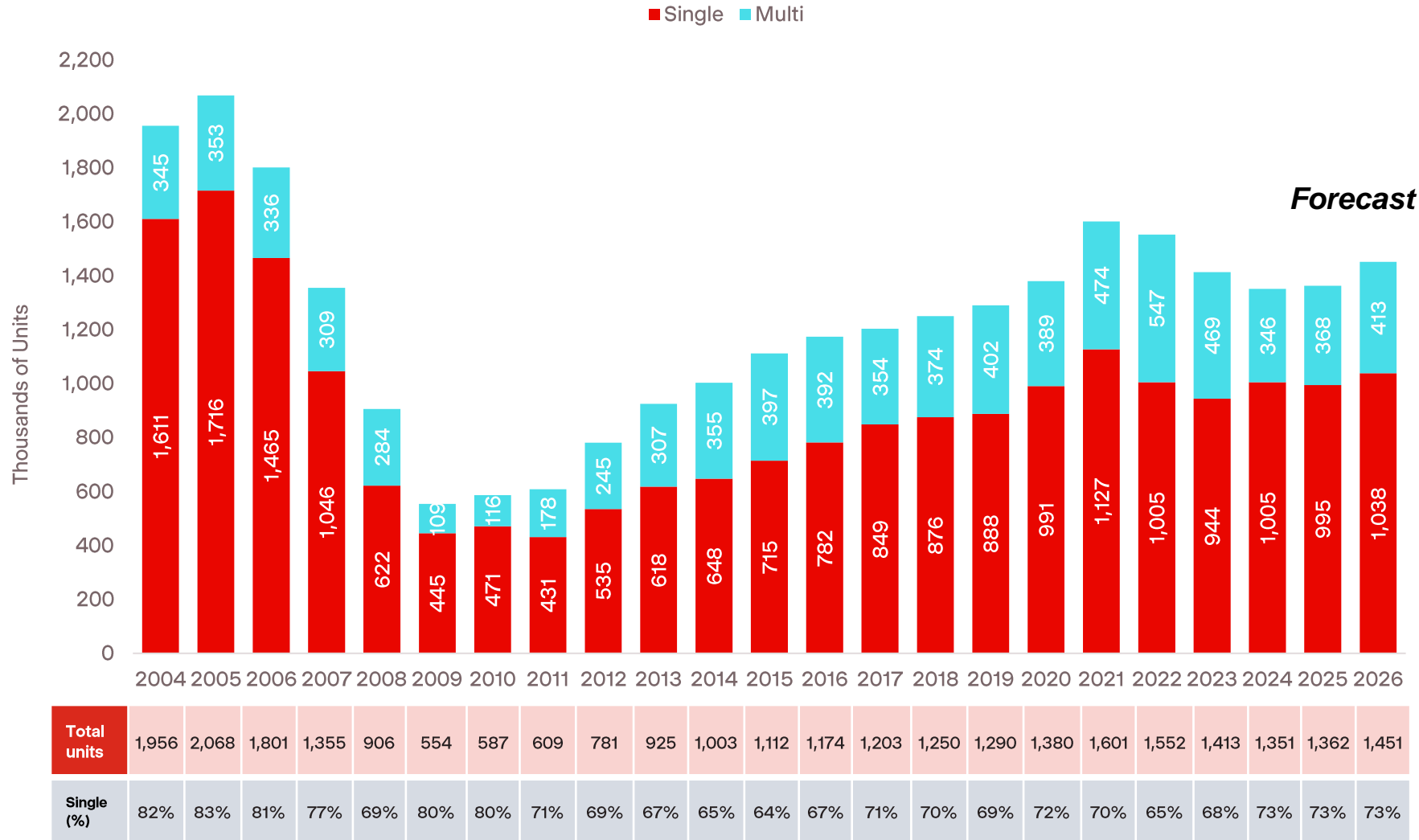
Reduced exposure supporting improved free cash flow generation, reducing duty exposure

Balance Sheet Strength

Company well-positioned to grow further on a global basis

¹ Vida capacity and purchase price reflective of Canfor's 77% ownership
 * Includes greenfield sawmill in Alabama, planned investments in Arkansas and Sweden
 ** Excludes one-time items

US housing starts forecast.



Source: US Census Bureau, Canfor Market Intelligence

Considerations.

Positive demographics

Homeownership rate of ages 25-34 yrs. old are expected to increase 1-1/2 % per year

Increased Tenure & Interest Rates

Older homeowners are staying in their homes longer, 1 in 3 reporting they do not plan to sell due to low interest rates on current home

New Homes Cheaper than Existing

In mid 2024, new homes on a per square foot basis are cheaper than existing homes listed, driving buyers into the new home market

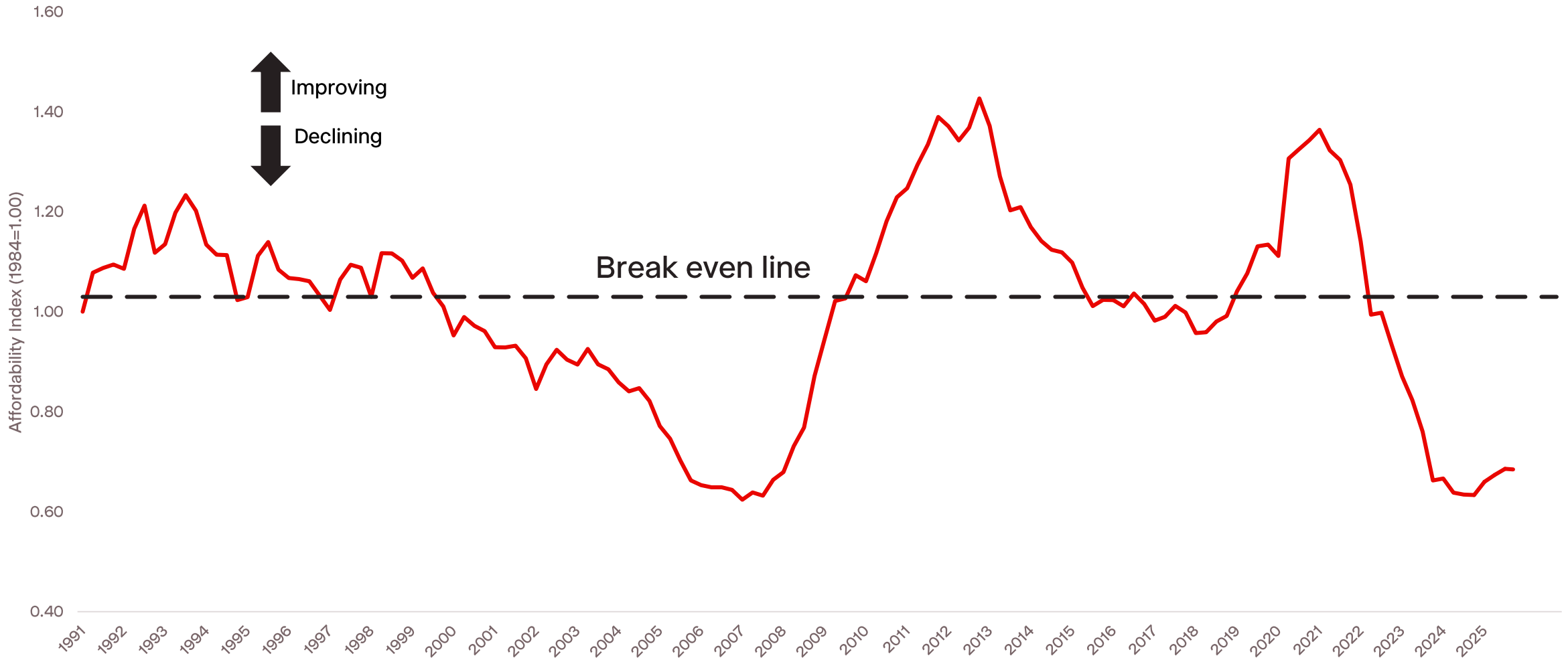
Whole Market Affordability

Long term interest rates to continue putting pressure on affordability throughout 2025

Economic & Political

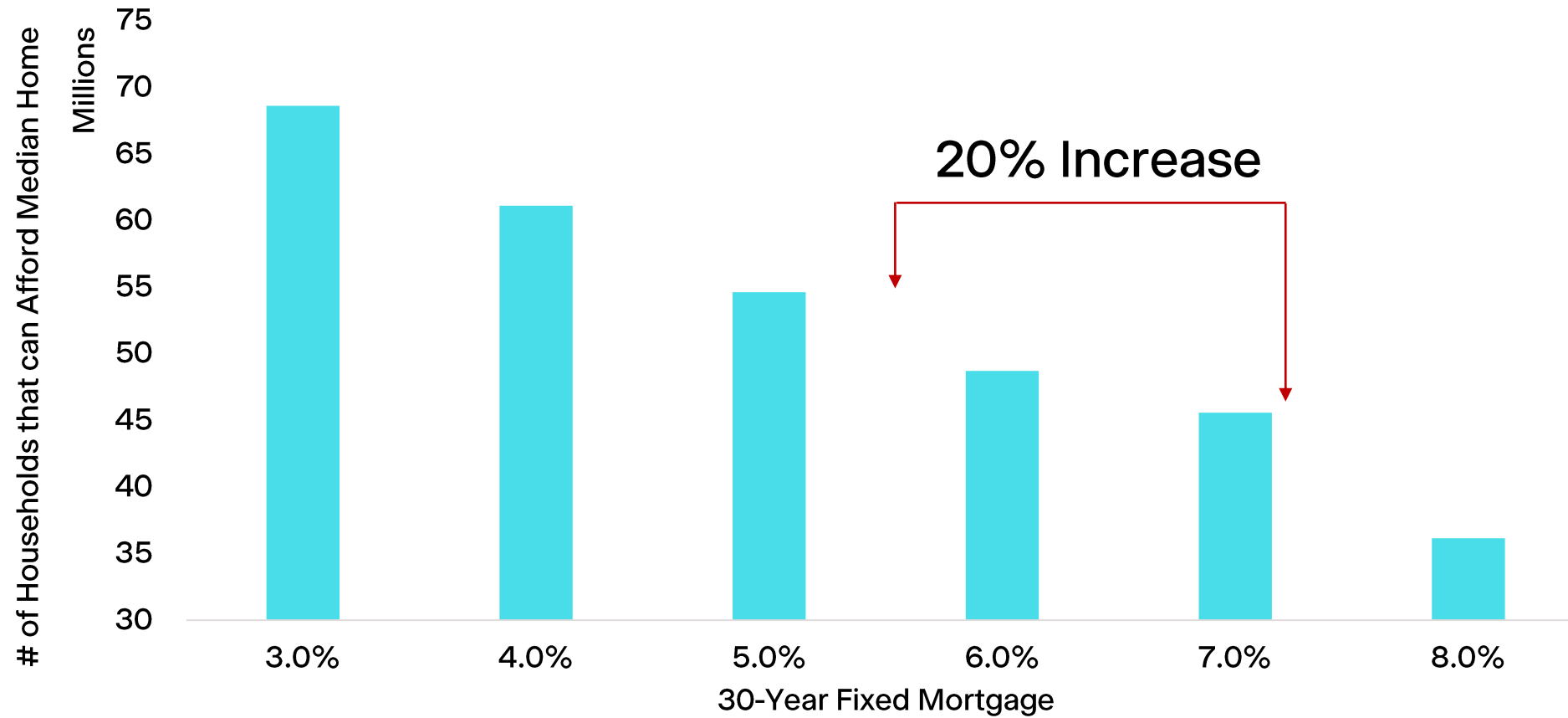
Real wage growth likely to continue into 2025 while reduced regulations on homebuilding improve outlook for construction

US home affordability index.



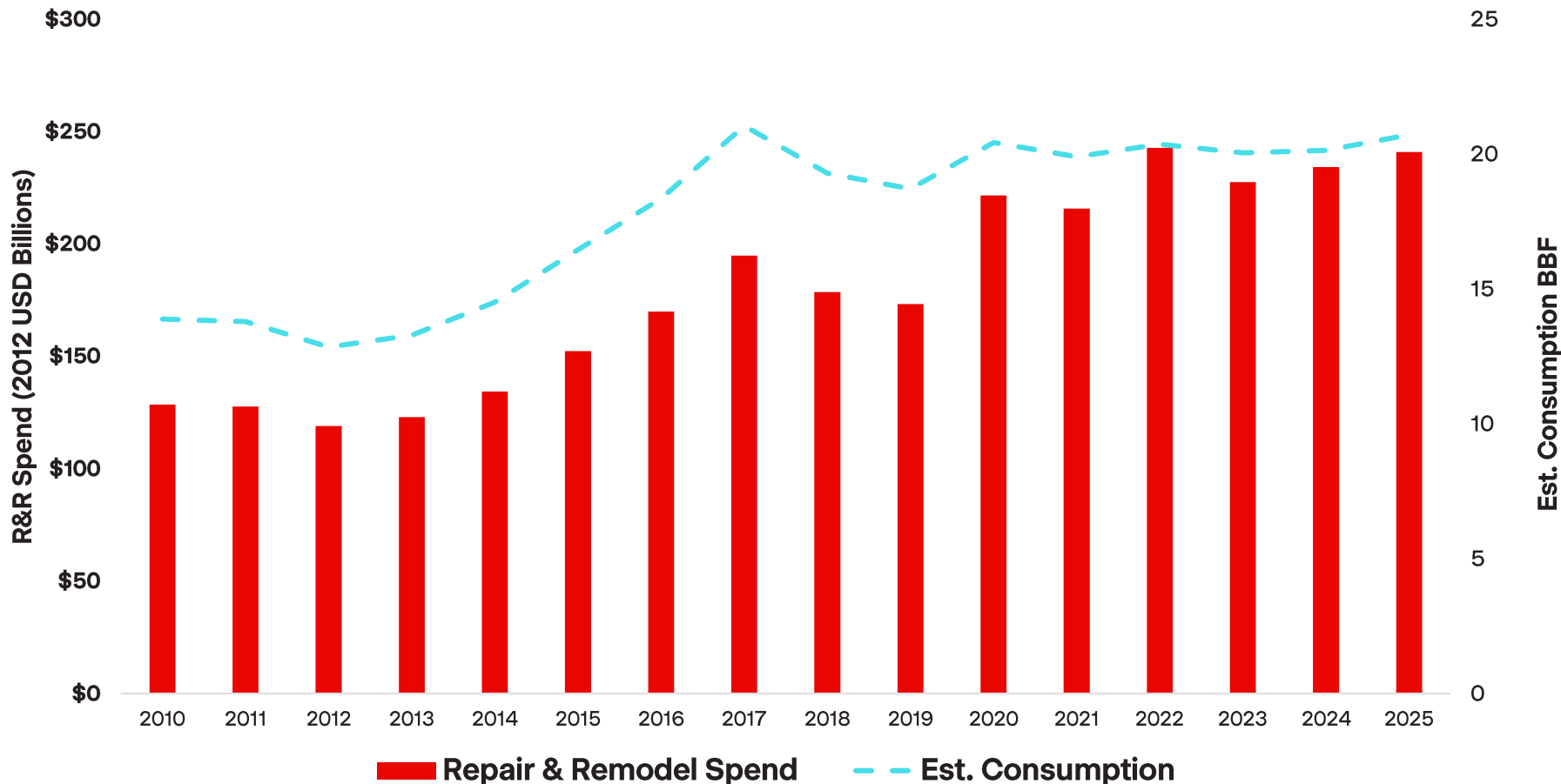
Interest rate sensitivity.

Households & Median Home Price Affordability
by Rate



Repair and remodel outlook.

R&R Spend Forecast



Considerations.

Aging in Place

Increased levels of retrofitting, accessibility, and updates opposed to trading up

Average Home Size

Existing homes are on average 500 sq. ft. smaller than new construction, leading to increased frequency of home additions

Home Equity

High levels of homeowner equity will help to facilitate larger scale projects for homeowners

Existing Home Sales

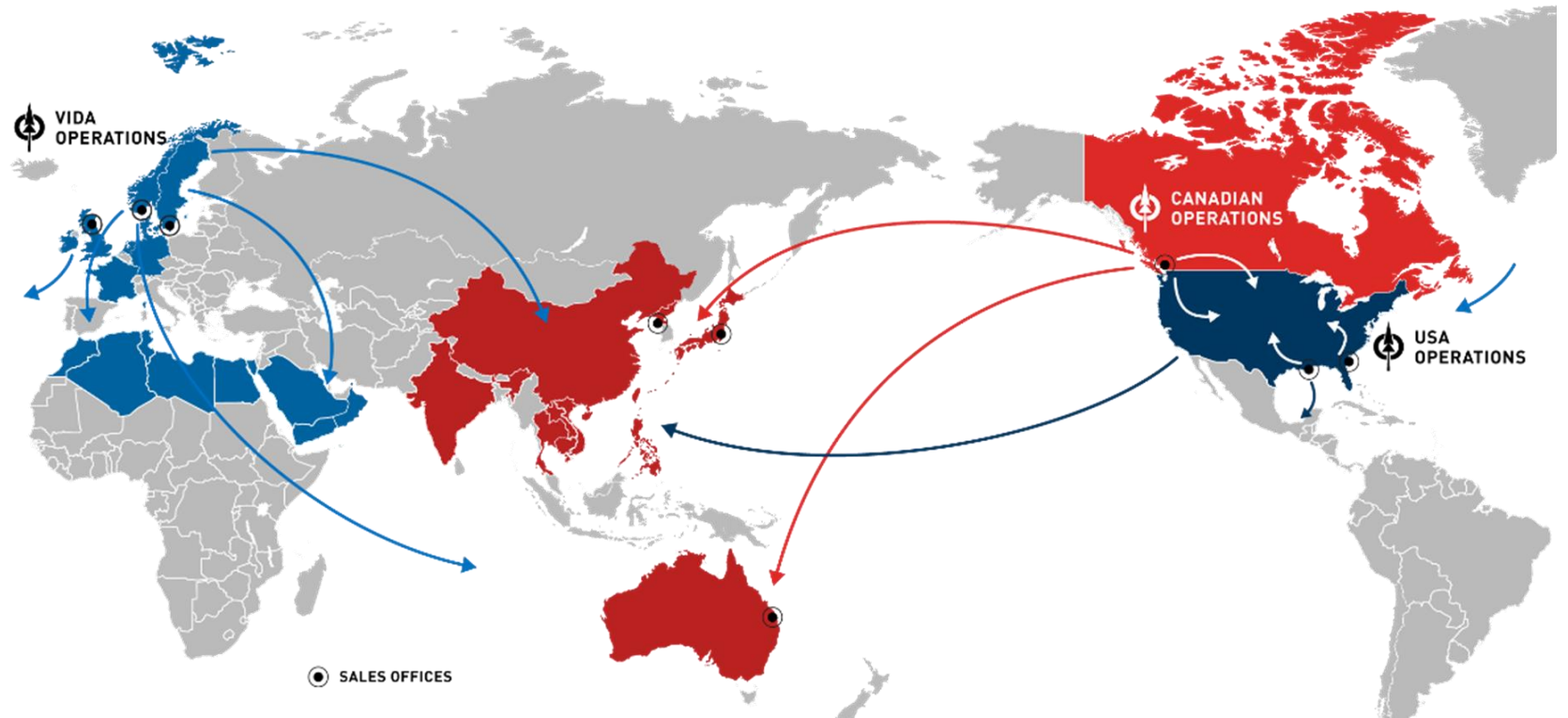
Low existing home sales over the last several years is likely to put downside pressure on spending over the next 12 months

Materials Cost

DIY segment remains highly sensitive to materials cost, affordability poses risk to near term activity

Our supply chain.

- Ability to leverage global platform to support key programs and optimize supply chain
- Strong alignment with key customers and channels (e.g. Home Center)
- High-value product mix and diversification efforts supporting more stable returns over the cycle



Our high value product diversification.



Appearance

**J grade & Square Edge Dimension Boards,
Pattern, Fascia, Clear**

Visual appearance is primary purchase
variable

Application

**SYP Long Length 22'/24'/26'
SPF & Spruce Metric Sizes**

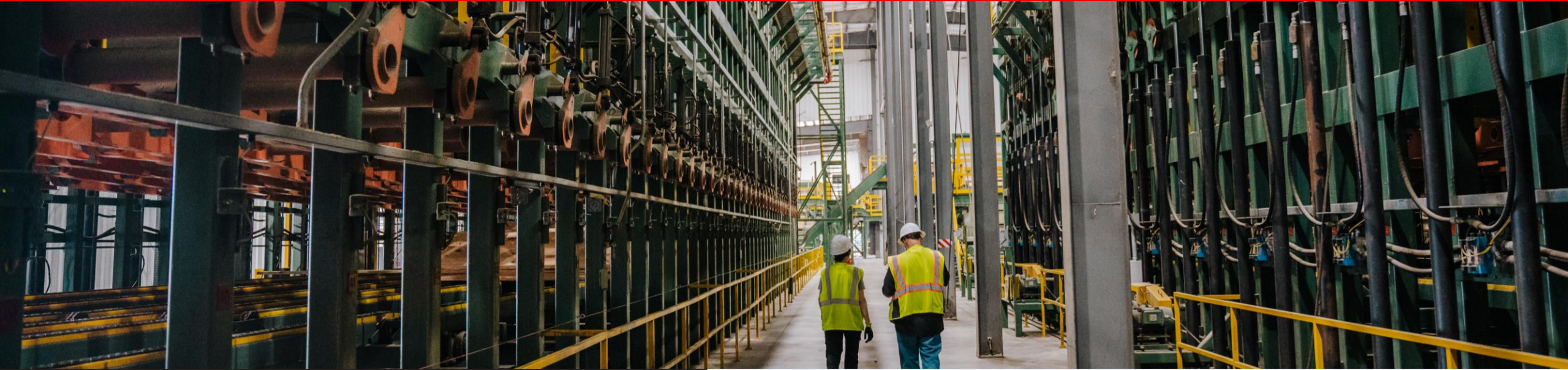
Matching sizes to end-user requirements

Strength

**MSR Dimension, Lamina Blanks & SYP Glulam
Beams**

Leverage fibre strength to match demand
North America's largest producer of SYP
Glulam

Louisiana greenfield sawmill.



DeRidder, Louisiana

Highlights:

- 250 MMfbm capacity (achieved in 2024)
- US\$160M investment (~\$640/Mfbm)
- High-speed, top-quartile cost operation producing high-value products
- Strategically located to service the strong Texas housing market

Modernizing Urbana Sawmill.



Summary

- US\$130M investment
- 115 MMfbm capacity increase, 2 shift operation
- Significantly improves cost structure
- Completed on budget and on schedule; exceeding initial targets

Strategic Alignment

- Improves manufacturing efficiency, versatility and flexibility
- Abundant supply of high-quality fibre (2.0 growth to drain ratio)
- Increases high value product mix (LAM stock, MSR, CLT Stock)
- Top quartile mill close to major end markets
- Significant synergies achieved with recently acquired mill in El Dorado

Alabama greenfield sawmill.



Axis, Alabama

~25 miles north of Mobile

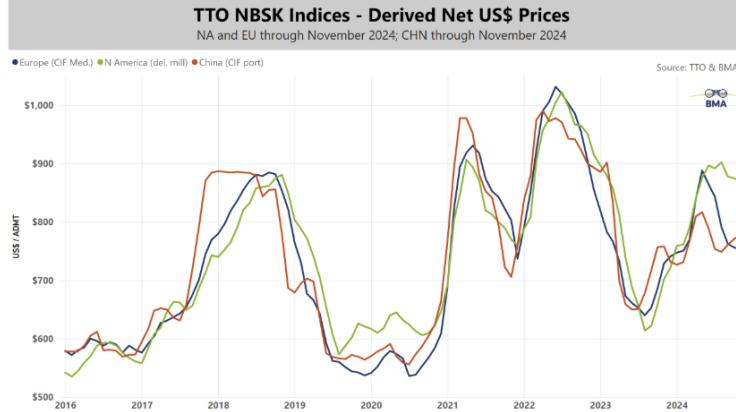
Highlights:

- US\$210M investment (\$840/Mfbm)
- State-of-the-art, top quartile sawmill (250 MMfbm capacity)
- Optimizes strong fiber basket in region
- Improved manufacturing flexibility provides opportunity to capture market premiums on specific products
- Completed on budget and on schedule (Q4 2024)

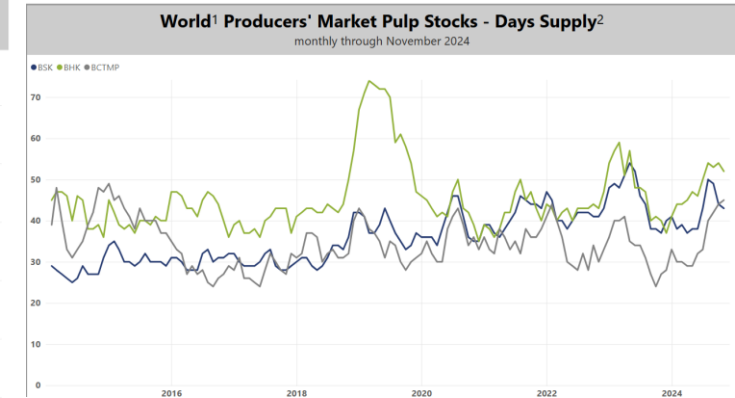
Pulp market update.

- Global pulp prices have stabilized in Q4 2024 after a sharp rise earlier in the year
- Pulp pricing relatively stable in early 2025 with modest changes depending on region
- Pulp producer inventories are starting to decrease after building mid-year
- Following slow shipments to customers in 2024, global pulp shipments are anticipated to increase in 2025
- After recent capacity starts, future growth will continue to be concentrated in Latin America but be more limited in 2026-2027
- Global softwood pulp demand/capacity balance projected at 87% in 2024 increasing to 91% in 2025 and staying in this range through 2028

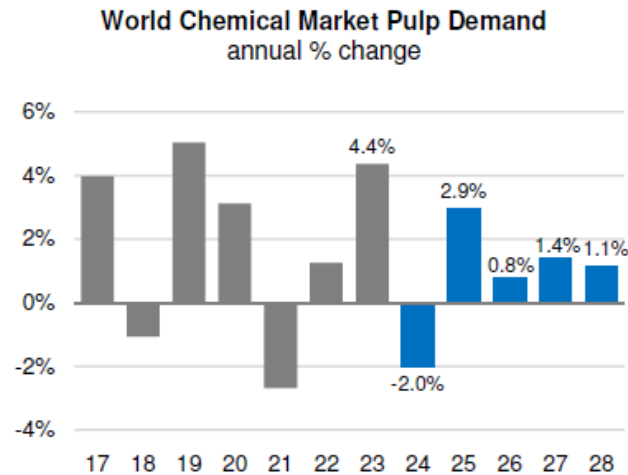
Global NBSK Pulp Prices Are Stable



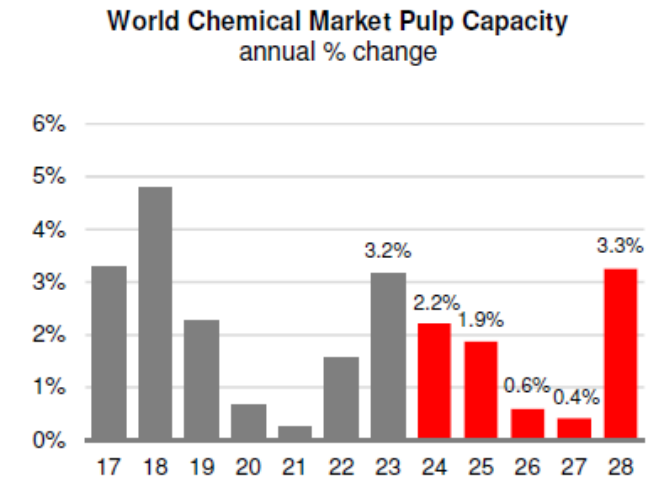
Global Producer Pulp Inventories Are Above Normal



Demand Anticipated to Slowly Grow Over Time



Moderate Capacity Additions Next Few Years



Financial highlights.

Q3 2024 Summary (Canfor, Excl. CPPI)

\$52M

Net Cash*

\$1.8B

Liquidity

\$972M

Duty Deposits

\$5.3B

Total Assets

\$27.41

Book Value/Share



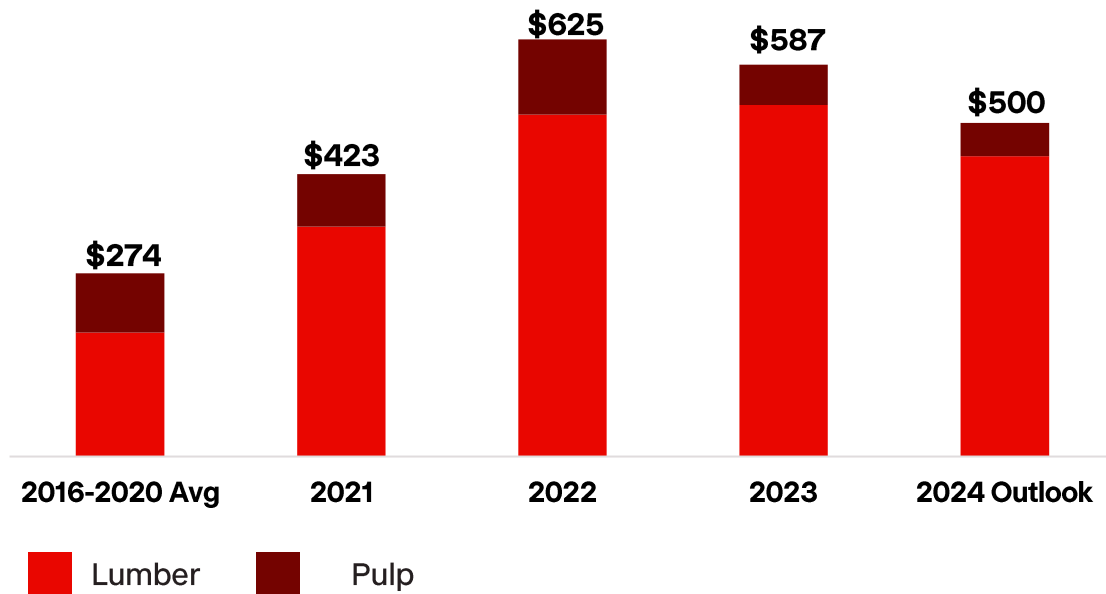
*Net cash includes softwood lumber duty loan

** Duty deposits include amount owing under softwood lumber duty loan

Capital allocation.

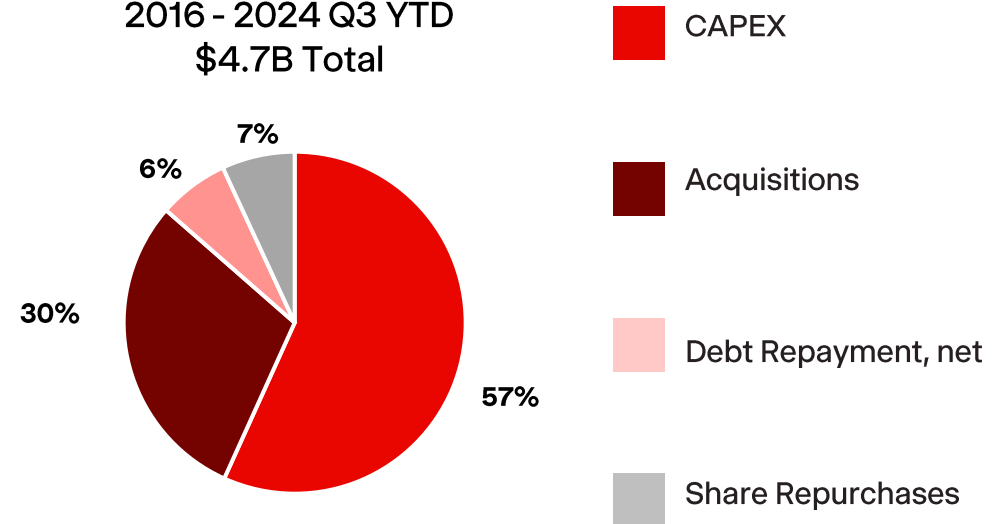
- Disciplined approach to capital allocation
- Continuous reinvestment in operations and targeted external growth
- Focus on eliminating debt and maintaining strong balance sheet
- Opportunistically repurchasing shares under NCIB and returning capital to shareholders
- Projecting significantly lower CAPEX in 2025 following completion of several major projects in recent years

Capital Expenditures (\$M)



Capital Allocation*

2016 - 2024 Q3 YTD
\$4.7B Total



*Canfor Excl. Canfor Pulp (\$M)

Our sustainability framework.

We're building a future as sustainable as the forest.



People

Our people and communities thrive because we are focused on safety, inclusion, equity and wellness every day.

- Safety, health and wellness
- Inclusion and diversity
- Indigenous relations
- Human rights
- Community resilience



Planet

Our practices and products play an integral role in helping to protect the planet and mitigate climate change.

- Sustainable forestry
- Climate change
- Air quality
- Water management
- Waste management






Products

Our products are sustainable because our manufacturing and supply chain are optimized for responsible resource use.

- Residuals management
- Supply chain management
- Energy management

Our climate ambition.

As we make progress on our climate journey, we will continue to explore opportunities to reduce carbon emissions across our value chain

	Scope 1 Emissions	Scope 2 Emissions	Scope 3 Emissions
Targets	Reduce absolute scope 1 and scope 2 carbon emissions by 42% by 2023 from a 2020 baseline year.		Reduce absolute scope 3 emissions by 25% by 2030 from a 2022 baseline year.
Emissions Sources	<p>All direct emissions from Canfor activities under our control, e.g., emissions released from generating electricity on site.</p>  <p>Lumber production Pulp & paper production</p>	<p>Indirect emissions from the electricity Canfor purchases and uses, e.g., emissions from electricity purchased from the grid.</p>  <p>Lumber production Pulp & paper production</p>	<p>All other indirect emissions occurring from sources that Canfor does not own or control, e.g., emissions from the transportation of products via rail.</p>  <p>Woodlands and value chain emissions</p>

We plan to invest \$250M in carbon reduction projects across our business by 2030.

Value proposition.



Differentiated High-Valued Products



Diversified Global Platform



Well Capitalized Mills



Positioned for Growth



Sustainability Focus

Investor contacts.



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*Better by
Nature*