



Canfor Corporation

June 2024



CANFOR

Raymond James Marketing



Don Kayne

President & CEO

Pat Elliott

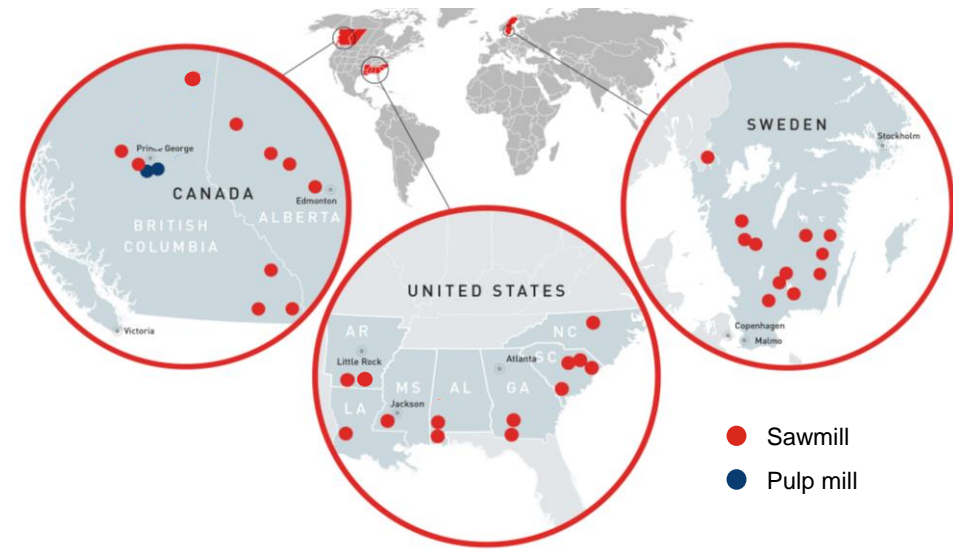
CFO & SVP, Sustainability

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.

Company Overview

- Global leader in the manufacturing of sustainable forest products
- Geographic and product diversification supporting earnings through the cycle
- Well positioned for further growth



LUMBER



35 Sawmills*

6.9 BBF Annual Capacity*

Global Platform

Worlds Largest Softwood Lumber Producer

PULP + PAPER



2 Mills

~480K tonnes of Northern Softwood Kraft pulp*

Integrated Paper Machine (~140K tonnes annual capacity)

High-value product focus

OTHER OPERATIONS



16 Value-Added Facilities

Glulam

Pellet Plants

Green Energy

Packaging

Modular Housing

*Includes organic growth in Arkansas (115 MMfbm, 2024), Greenfield sawmill in Alabama (net increase of 130 MMfbm, 2024), pending acquisition in Arkansas

*Market pulp production

Our Sustainability Framework



At Canfor, 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.

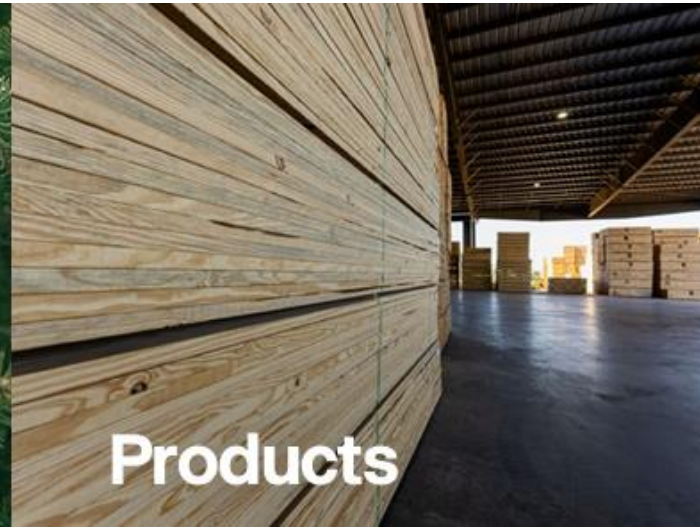
- Safety, health and wellness
- Inclusion and diversity
- Indigenous relations
- Human rights
- Community resilience



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

TARGETS

Reduce absolute scope 1 and scope 2 carbon emissions by 42% by 2030 from a 2020 base year



Reduce absolute scope 3 emissions by 25% by 2030 from a 2022 base year

EMISSIONS SOURCES

SCOPE 1 & 2 EMISSIONS

SCOPE 1: All **direct emissions** from Canfor's activities or activities under our control. E.g., emissions released from generating electricity on site.

SCOPE 2: **Indirect emissions** from the electricity Canfor purchases and uses. E.g., emissions from electricity purchased from the grid.



LUMBER OPERATIONS



PULP OPERATIONS

+

SCOPE 3 EMISSIONS

SCOPE 3: All **other indirect emissions**, occurring from sources that Canfor does not own or control. E.g., emissions from the transportation of products via rail.



WOODLANDS

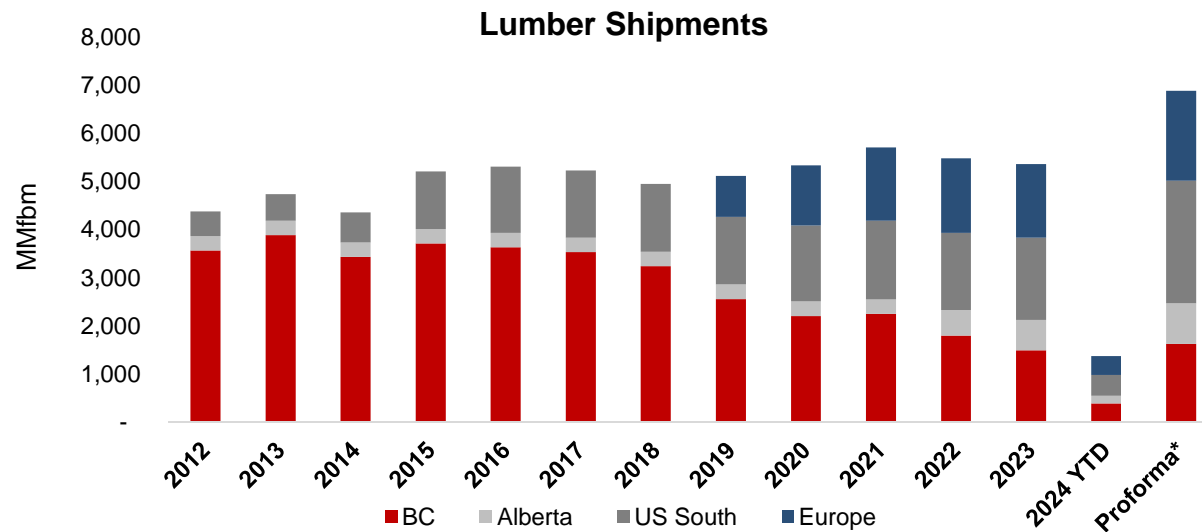


OTHER VALUE CHAIN EMISSIONS

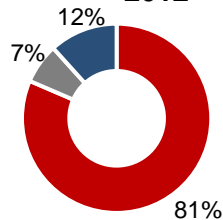
We plan to invest at least \$250 million in carbon reduction projects across our business by 2030

Growing Lumber Business

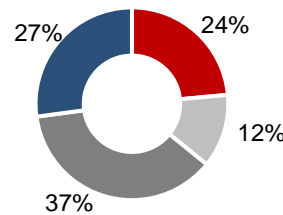
Executing on diversification strategy to support more stable returns over the cycle



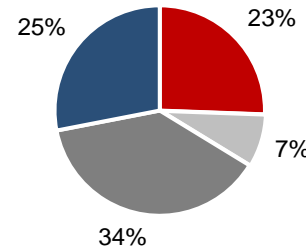
Regional Lumber Capacity 2012



Regional Lumber Capacity Proforma*



Lumber Segment EBITDA ** 2019-2024 YTD

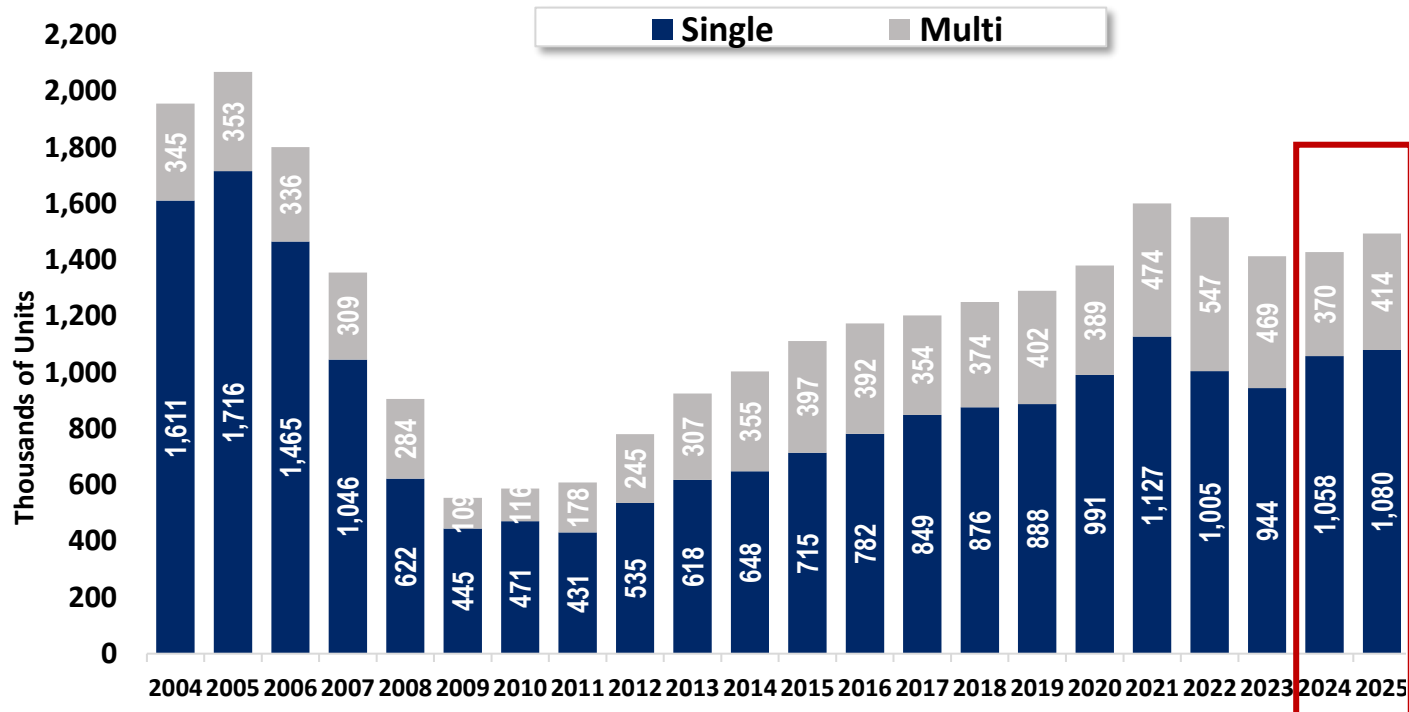


Highlights

- 
Disciplined Approach to Growth
 Over 3.0 BBF capacity acquired through M&A (C\$560/Mfbm) since 2013¹
- 
300%+ Growth in US South
 Achieved through targeted CAPEX, strategic acquisitions
- 
Successful Expansion in Europe
 Providing transformational growth and diversification; profitable through the cycle
- 
Alberta Expansion
 Providing critical supply of SPF lumber in low-cost jurisdiction
- 
Well Capitalized BC Assets
 Strong cash flow generation over the cycle despite declining fibre basket
- 
Balance Sheet Strength
 Company well positioned to grow further on a global basis

¹ Vida capacity and purchase price reflective of Canfor's 70% ownership
 * Includes greenfield sawmill in Alabama, planned investment and pending acquisition in Arkansas
 ** Excludes one-time items

US Housing Starts Forecast



Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total units	1,956	2,068	1,801	1,355	906	554	587	609	781	925	1,003	1,112	1,174	1,203	1,250	1,290	1,380	1,601	1,552	1,413	1,428	1,494
Single (%)	82%	83%	81%	77%	69%	80%	80%	71%	69%	67%	65%	64%	67%	71%	70%	69%	72%	70%	65%	67%	74%	72%

Considerations



Millennials Coming of Age

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



Increased Tenure & Rates

Older homeowners are staying in their homes an average of 5 years longer, while increasing rates keep existing inventory low



Favorable New Home Premium

Premiums for new homes remain low at just \$75/m² higher than existing homes on average alongside concessions widely offered



Affordability – Whole Market

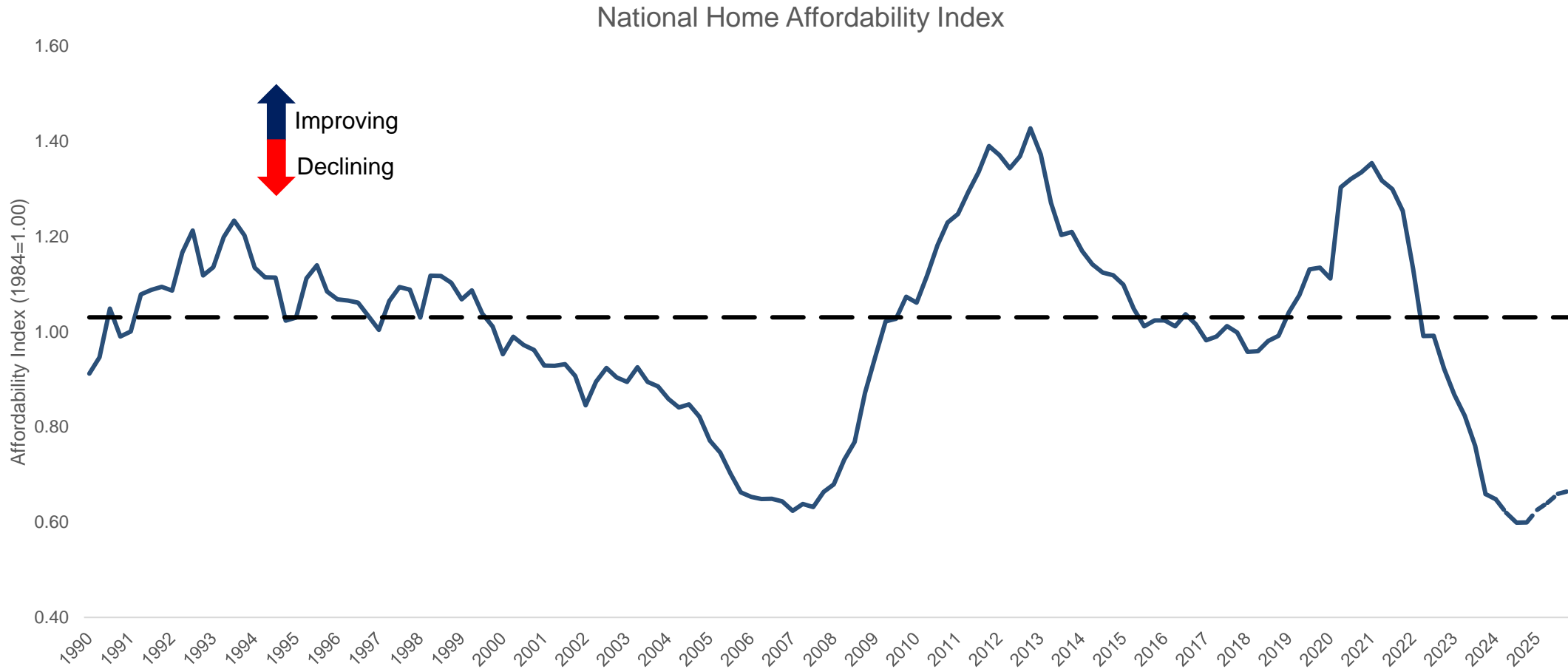
Rapid increases in home prices and high interest rate environment have resulted in significant decline in affordability



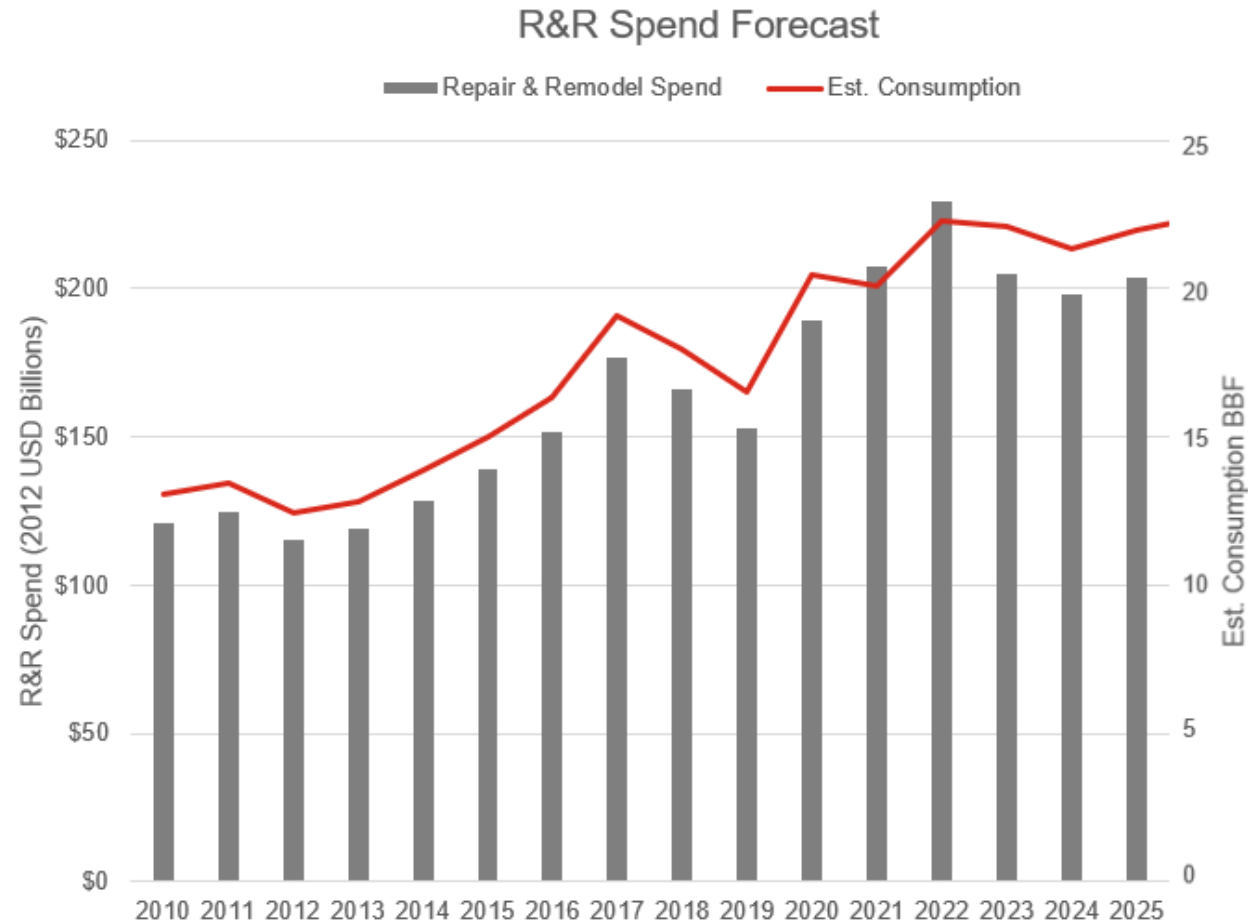
Economic & Geopolitical Landscape

Negative wealth effects and geopolitical tension to weigh on sentiment

US Home Affordability Index



Repair + Remodel Outlook



Source: US Census Bureau, Canfor Market Intelligence

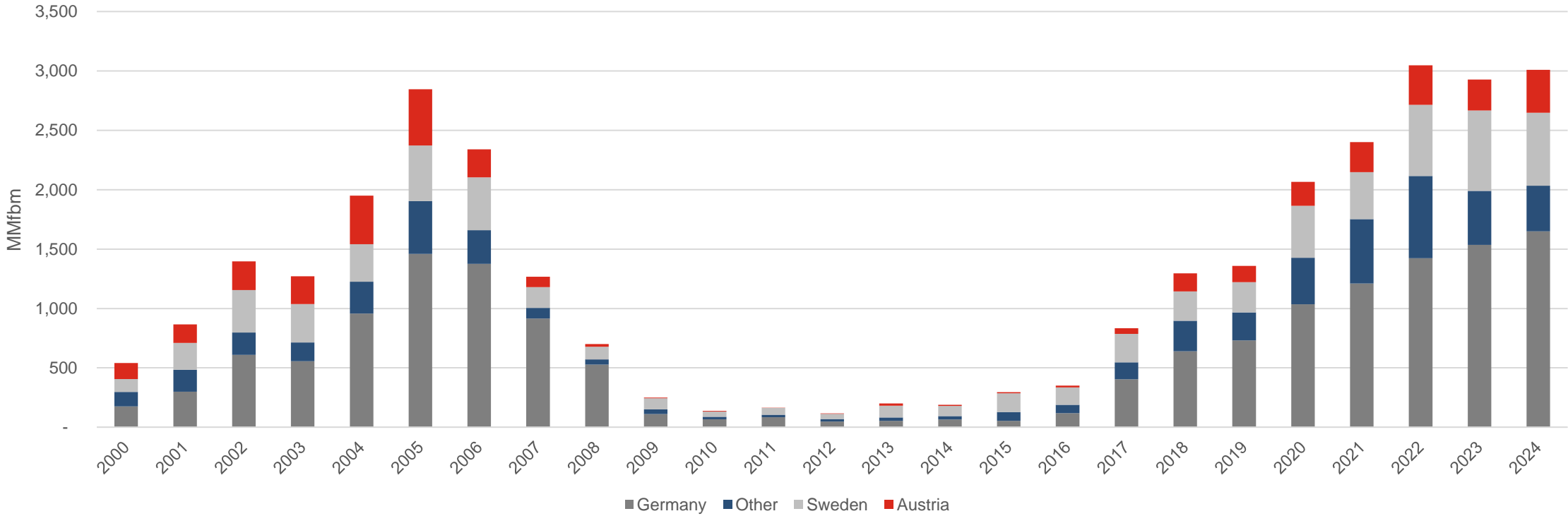
Considerations

- ✓ **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 Price Outlook & Share of Wallet**
 Inflation alongside negative outlook for home prices weighing on share of wallet allocation to R&R
- ✗ **Household Balance Sheets**
 Core inflation pushing personal savings rate below pre-pandemic levels, reducing disposable income
- ? **Materials Cost**
 DIY segment remains highly sensitive to materials cost, high prices pose risk to near term activity

US Imports from Europe



US Imports from Europe Seasonally Adjusted Annual Rate



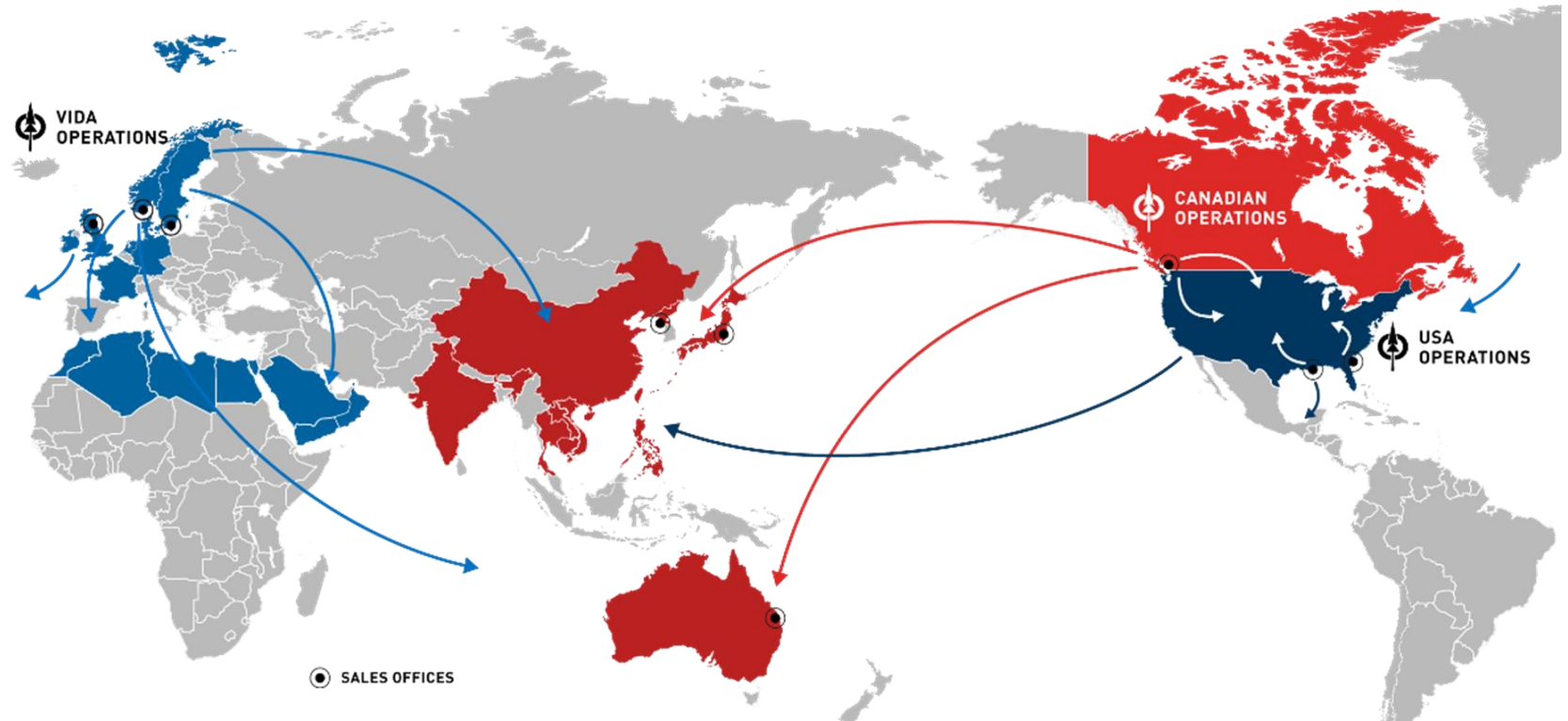
Source: USDA FAS GATS, Canfor Market Intelligence



Canfor 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)
- Company's high-value product mix and diversification efforts supporting more stable returns over the cycle



Our High Value Product Diversification

We make products that unlock incremental value with stabilized pricing



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

Visual appearance is primary purchase variable



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

Matching sizes to end-user requirements



MSR Dimension, Lamina Blanks & SYP Glulam Beams

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



Greenfield Sawmill: DeRidder, LA

Highlights

- 250 MMfbm capacity
- US\$160M investment (~\$640/Mfbm)
- Progressing well through ramp up on 2 shift basis



Modernizing Urbana Sawmill



Summary

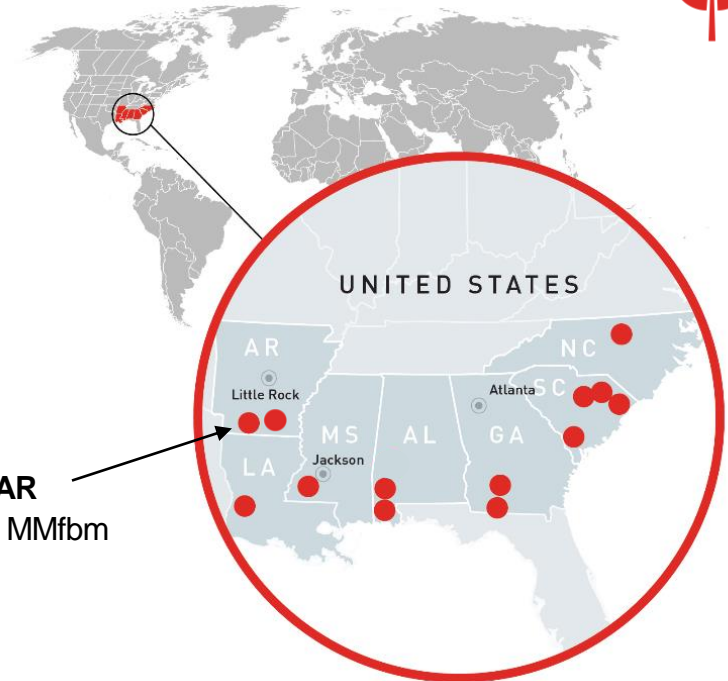
- *US\$130M investment*
- *115 MMfbm capacity increase, 2 shift operation*
- *Significantly improves cost structure*
- *Projected start-up in Q3 2024*



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*

Urbana, AR
Upgrade – 285 MMfbm
(2024)



Greenfield Sawmill: Axis, AL



Summary

- *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*
- *Located in Axis, Alabama (~25 miles north of Mobile)*
- *Currently on budget and on schedule*
- *Start-up projected in 2024*

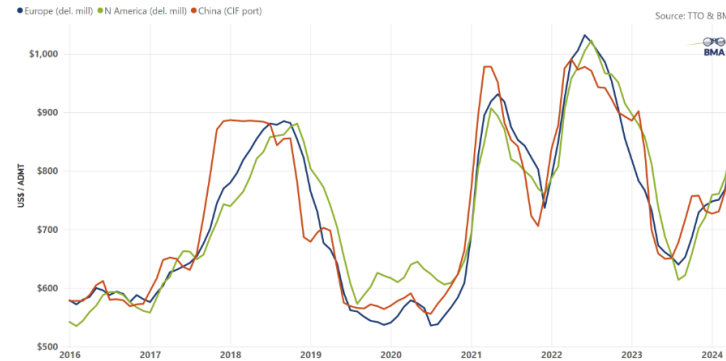


Pulp Market Update

- Pulp prices have experienced a sharp rebound since Q3 2023 across all markets
- North American and European markets have demonstrated greater strength during this cycle
- While pulp producer inventories remain balanced, prices are expected to moderate through 2024 due to challenges faced by Chinese papermakers in maintaining profitability
- Following robust shipments to customers in 2023, global pulp shipments are anticipated to decline in 2024, followed by a modest increase
- After recent capacity starts, future growth will continue to be concentrated in Latin America but be more limited
- Global softwood pulp demand/capacity balance projected at 90% in 2024 steadily increasing to 93% in 2027

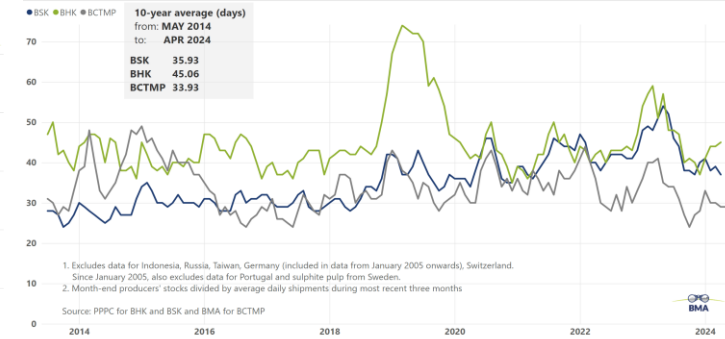
Global NBSK Pulp Prices Are Currently Strong

TTO NBSK Indices - Derived Net US\$ Prices through May 2024



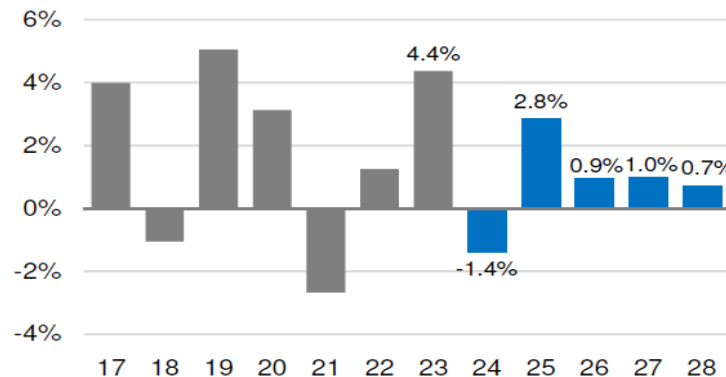
Global Producer Pulp Inventories Are Balanced

World¹ Producers' Market Pulp Stocks - Days Supply² monthly through April 2024



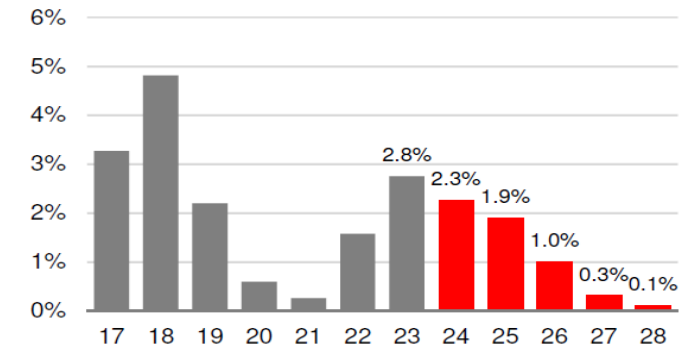
Demand Anticipated to Slowly Grow Over Time

World Chemical Market Pulp Demand annual % change

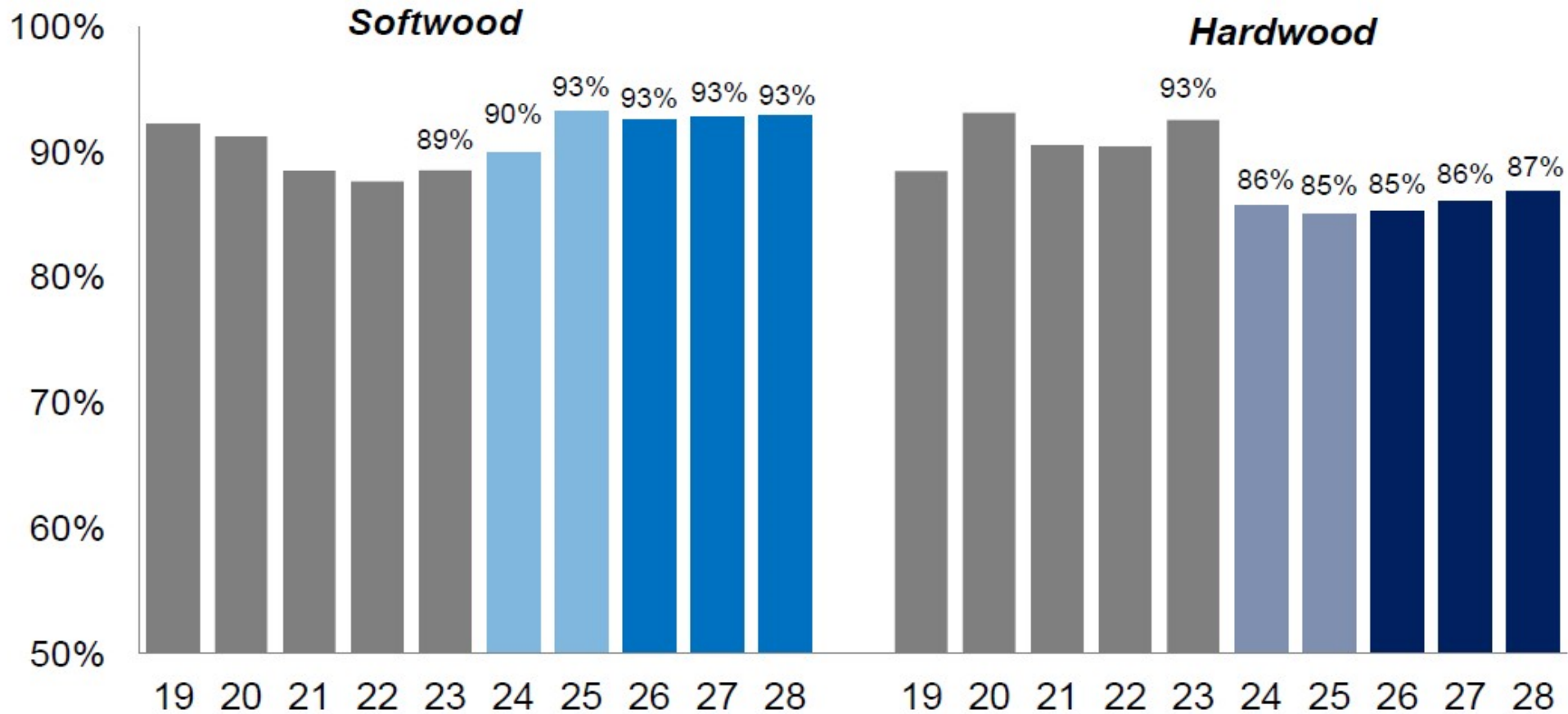


Moderate Capacity Additions Anticipated

World Chemical Market Pulp Capacity annual % change



Steady Pulp Operating Rates Forecasted



Financial Highlights

Q1 2024 Summary

(Canfor, Excl. CPPI)

Net Cash
\$395M

Liquidity
\$1.5B

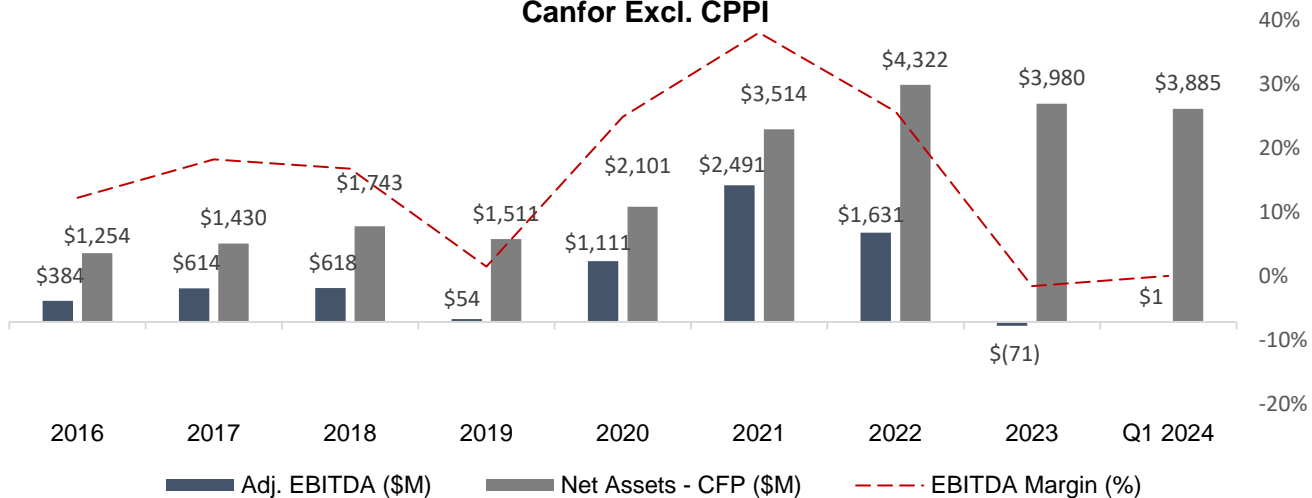
Duty Deposits
\$944M

Total Assets
\$5.5B

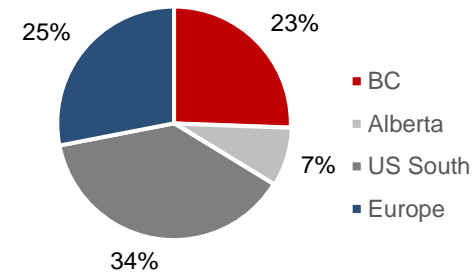
Book Value / Share
\$31.69

- Strong cash flow generation in recent years supporting various organic and external growth initiatives
- Balance sheet remains strong, with Company well positioned to grow lumber business on a global basis

**Historical Financial Results
Canfor Excl. CPPI**

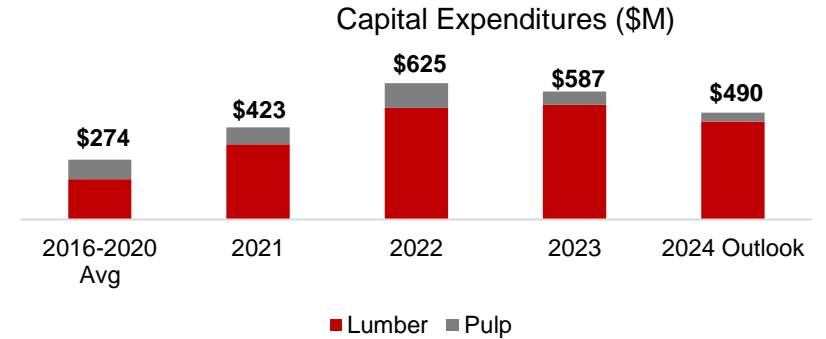


**Lumber Segment EBITDA **
2019-2024 Q1 YTD**

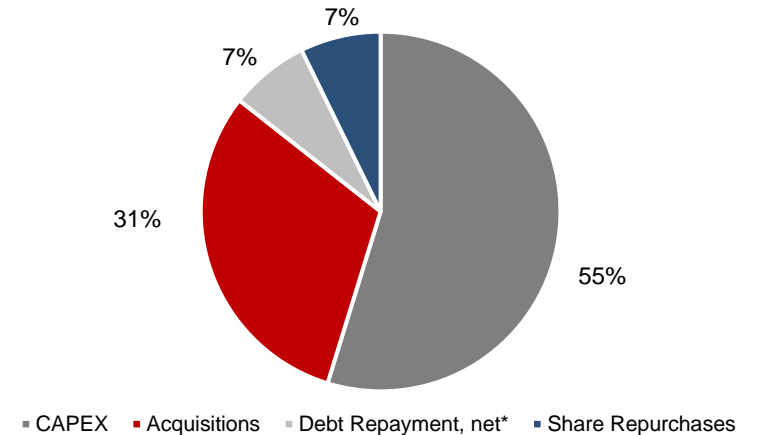


Capital Allocation

- *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*



Capital Allocation
Canfor Excl. CPPI (\$M)
2016 - 2024 Q1 YTD
\$4.4B Total



* Including the Company's operating loan facility

Value Proposition



**Sustainability
Focus**



**Differentiated
High-Value
Products**



**Diversified
Global Platform**



**Well Capitalized
Mills**



**Positioned for
Growth**



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