

International Softwood Conference 2020





The COVID-19 Pandemic

Canfor developed **COVID-19 health and safety protocols**, engaged an occupational physician and hired a certified nurse to help guide our policies and procedures.



Our top priority has always been to protect the **health and safety of our employees.**

European Economic Impact

European lumber markets were stronger than expected through Q2, which limited our curtailments.



The downtime at Vida was due to employees who needed to self-isolate at home because of exposure.





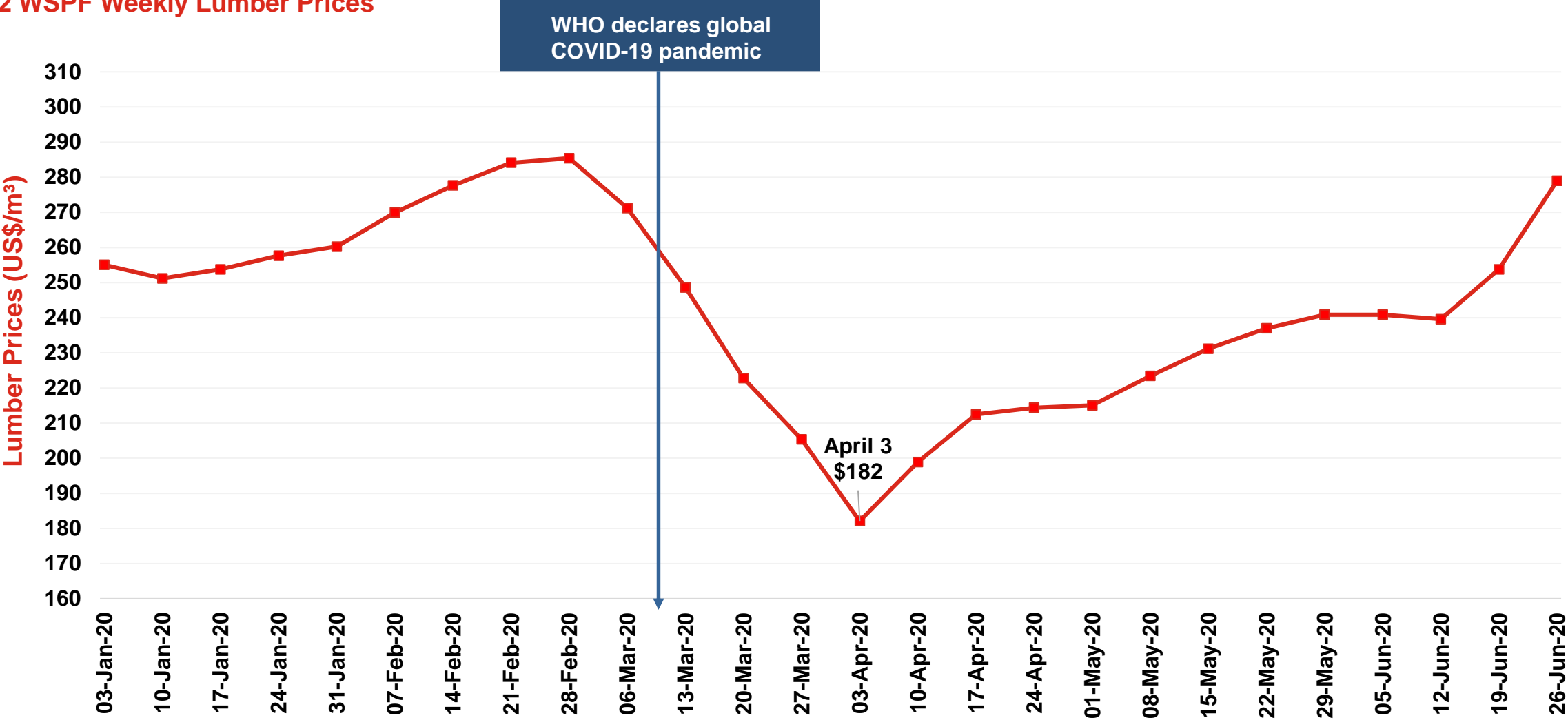
North American Economic Impact

States and provinces across North America went into various levels of lockdown due to COVID-19.

Unemployment rates in the US soared from 6+ million in February to 20+ million in May.

The Falling Price of Lumber




2x4 #2 WSPF Weekly Lumber Prices



Source: Random Lengths Publications
Note: Price converted to cubic metre 2x4 net count



Curtailed Operations

		PRODUCTION CAPACITY CURTAILED
	Canada	70%
	US	50%
	Vida	10%

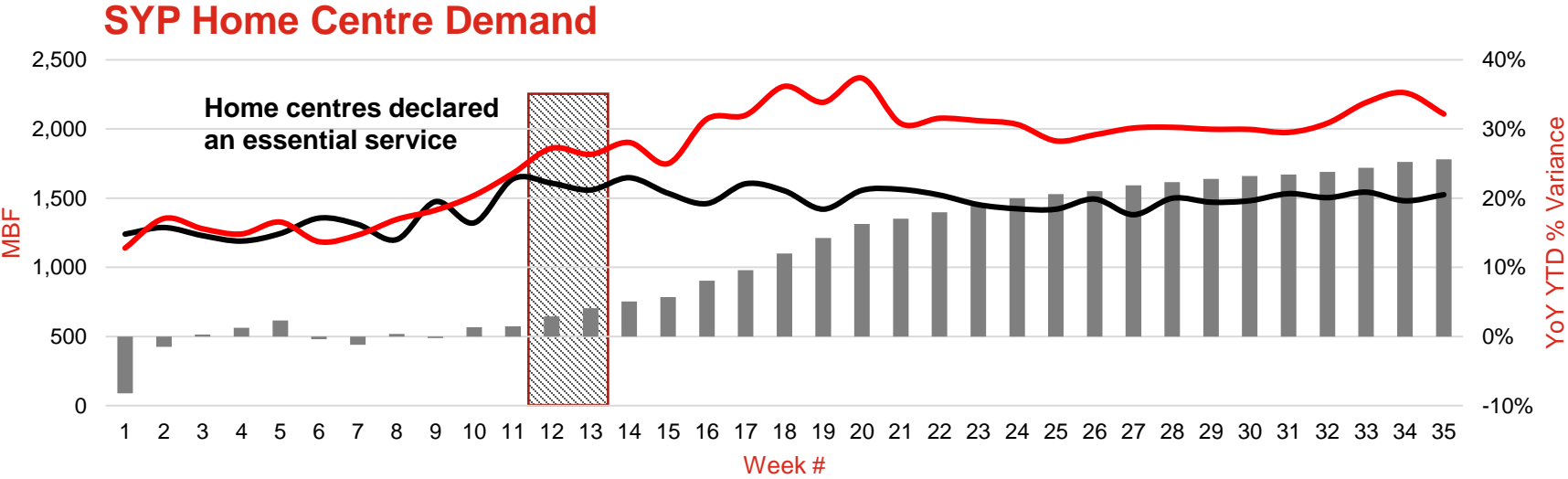
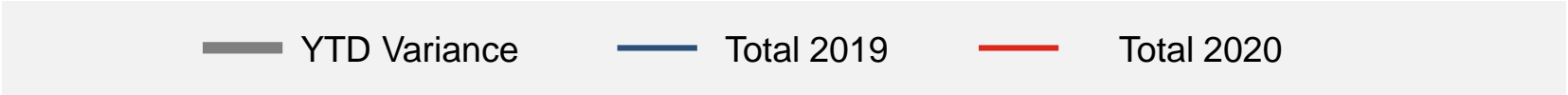
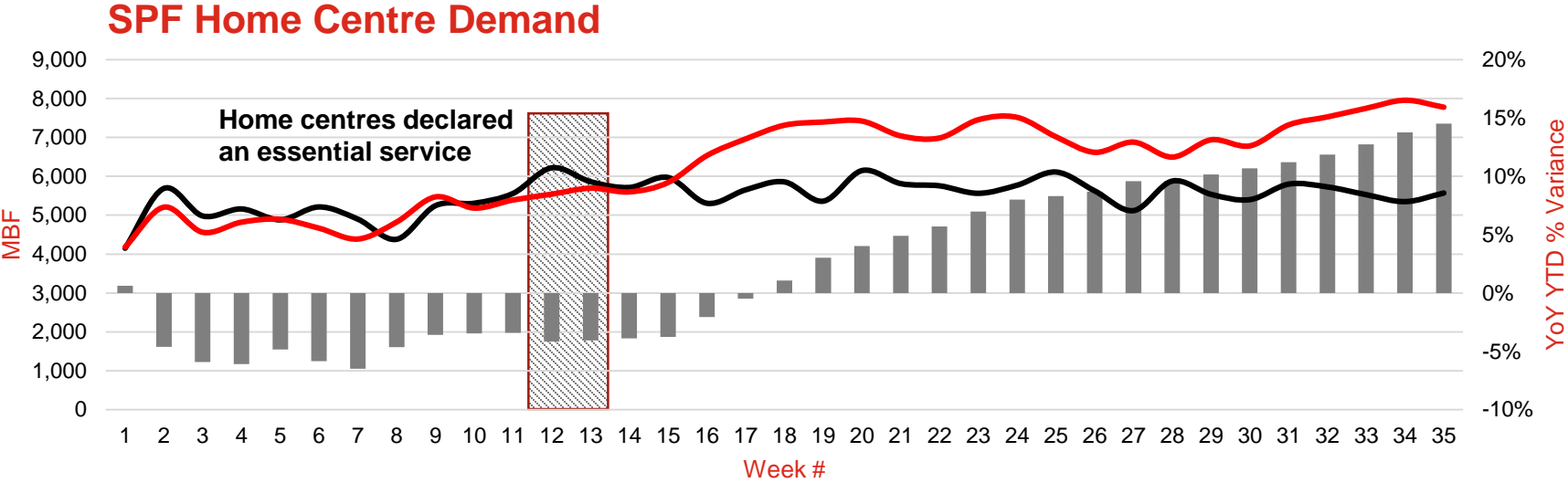
By **mid-June** Canfor had **returned to essentially full operations** across all our operating regions.



Renovation & Remodelling Demand

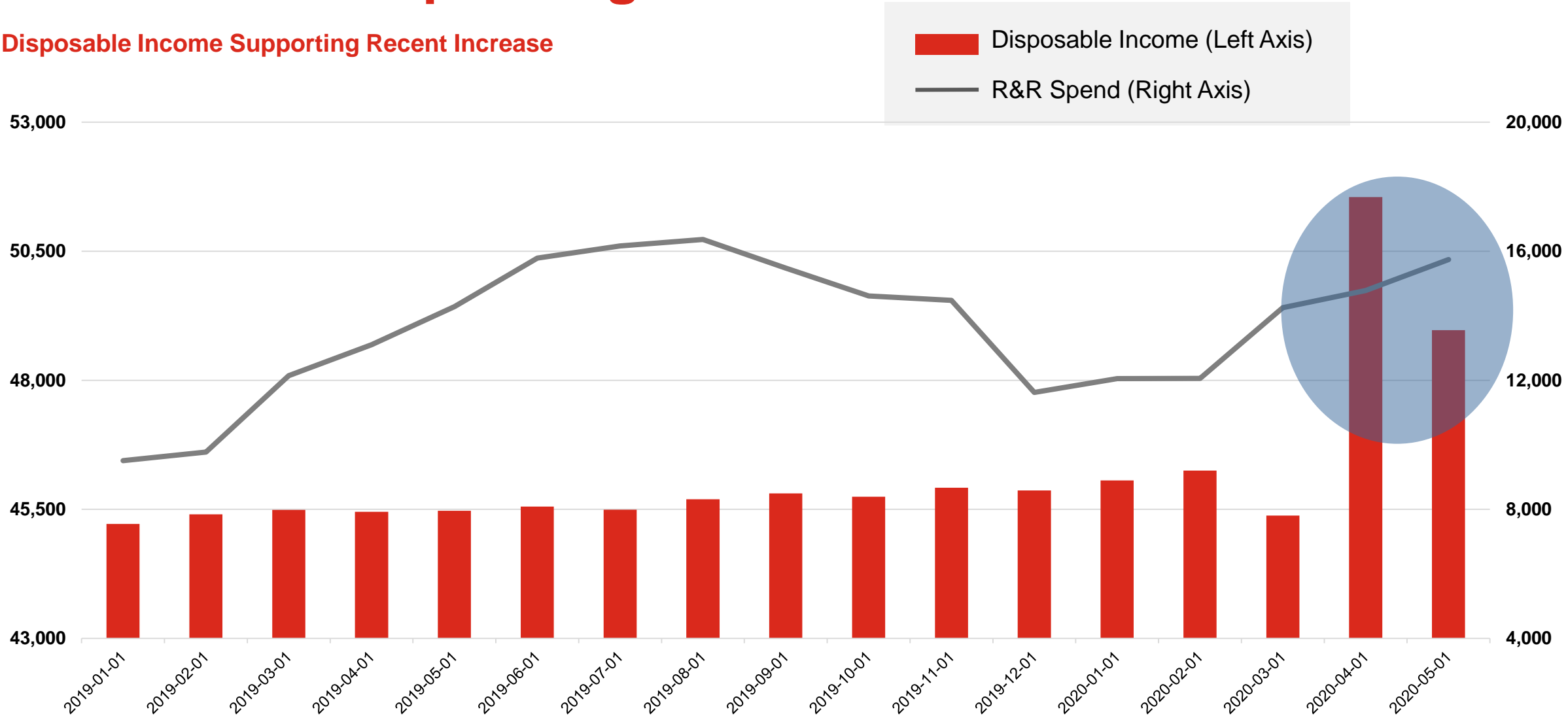
The COVID-19 Surprise

When people were sent home to work, they started doing DIY projects.



Resilient R&R Spending

Disposable Income Supporting Recent Increase



Home Centre Lumber Sales



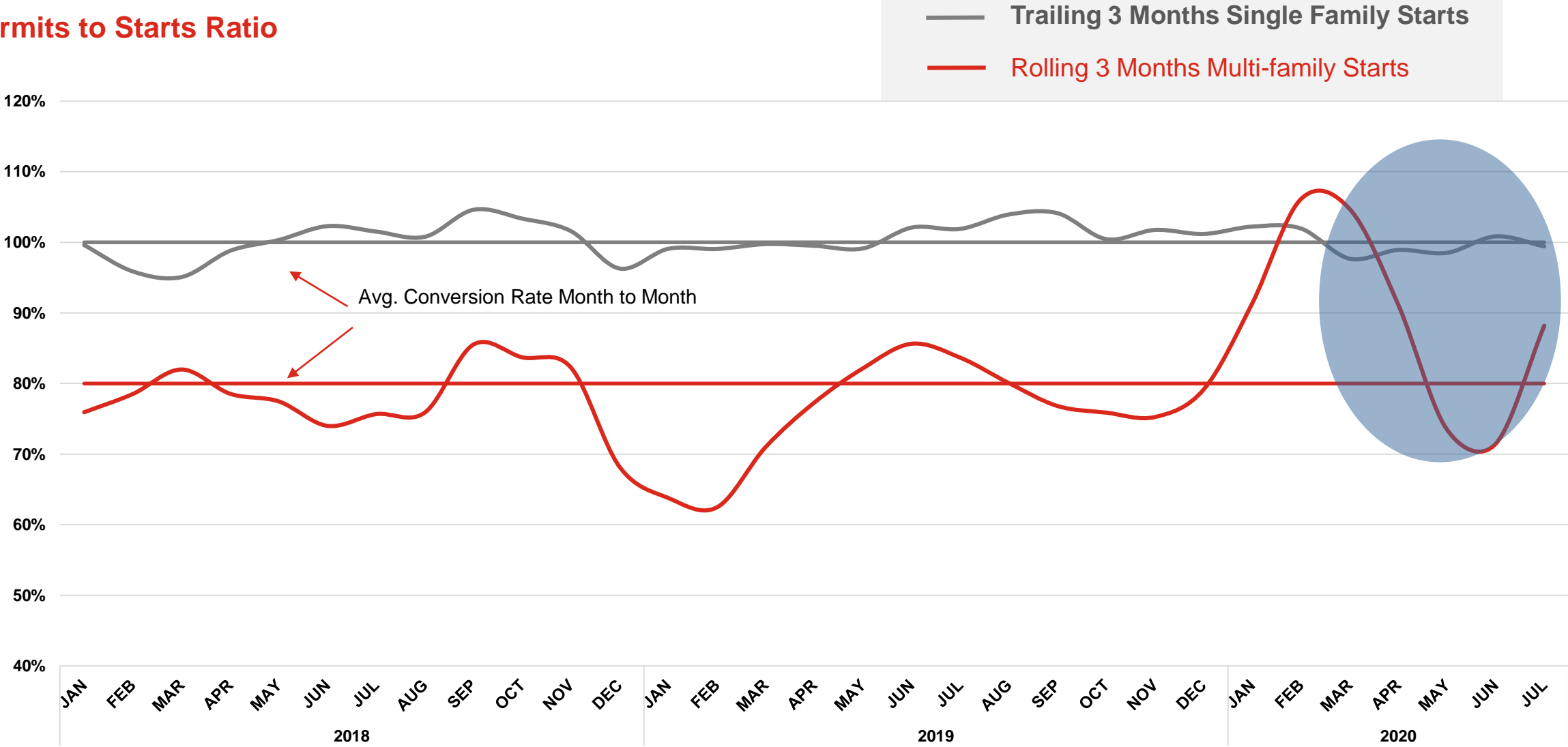
Lowe's saw all regions across the US with sales **growth of at least 30% in Q2**, even in the regions that have been hardest hit by COVID-19.



At Home Depot, lumber was their best-performing department in Q2 and contributed to the company reporting **increased profits of 25% for the quarter**.

Housing Starts

Permits to Starts Ratio



Growing Interest in Homeownership

There's a growing trend of people choosing to **leave cities to have a bigger single-family home** in the suburbs or more rural areas.

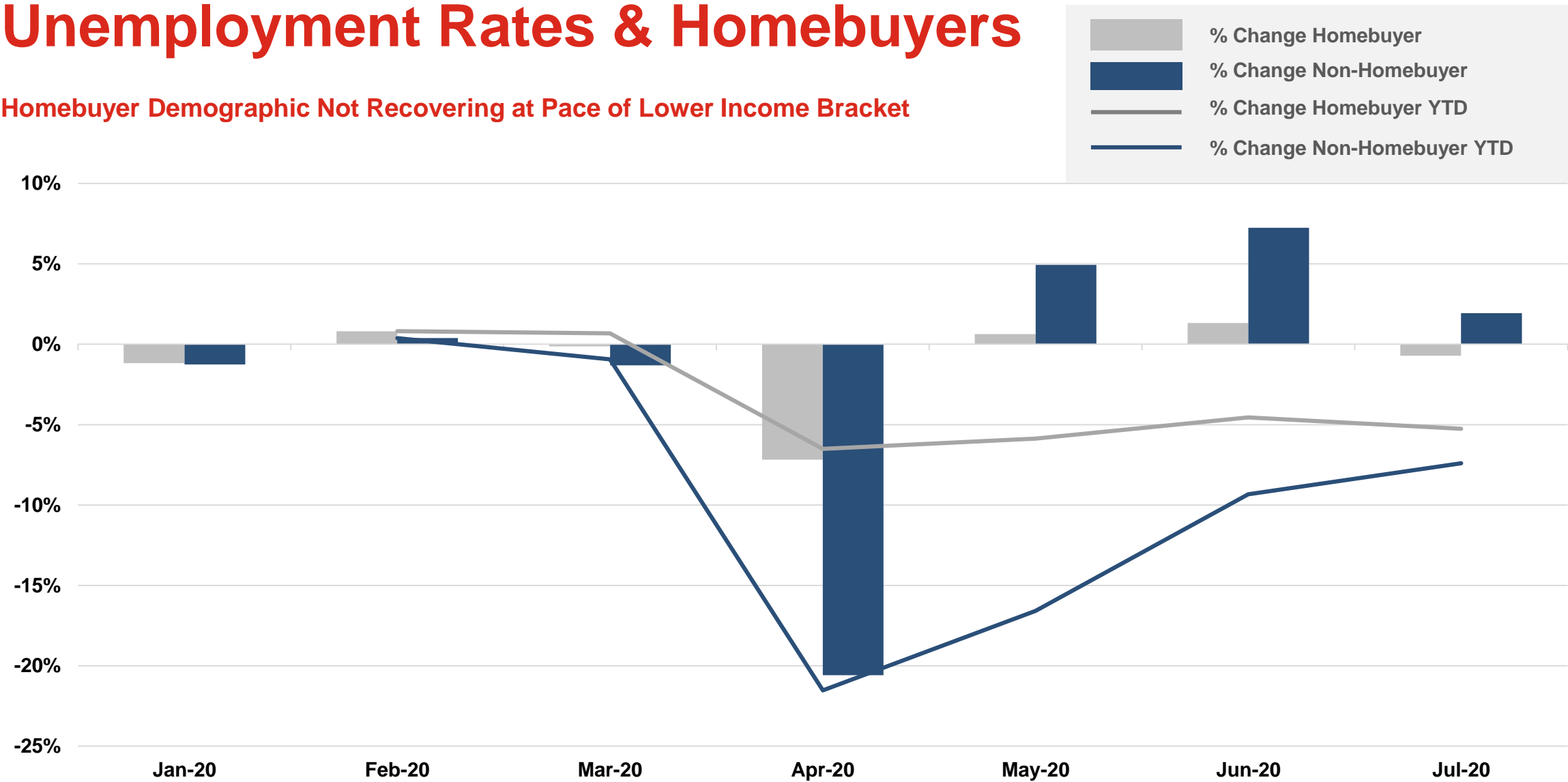


This supports the prediction that **single-family home construction will continue to increase.**

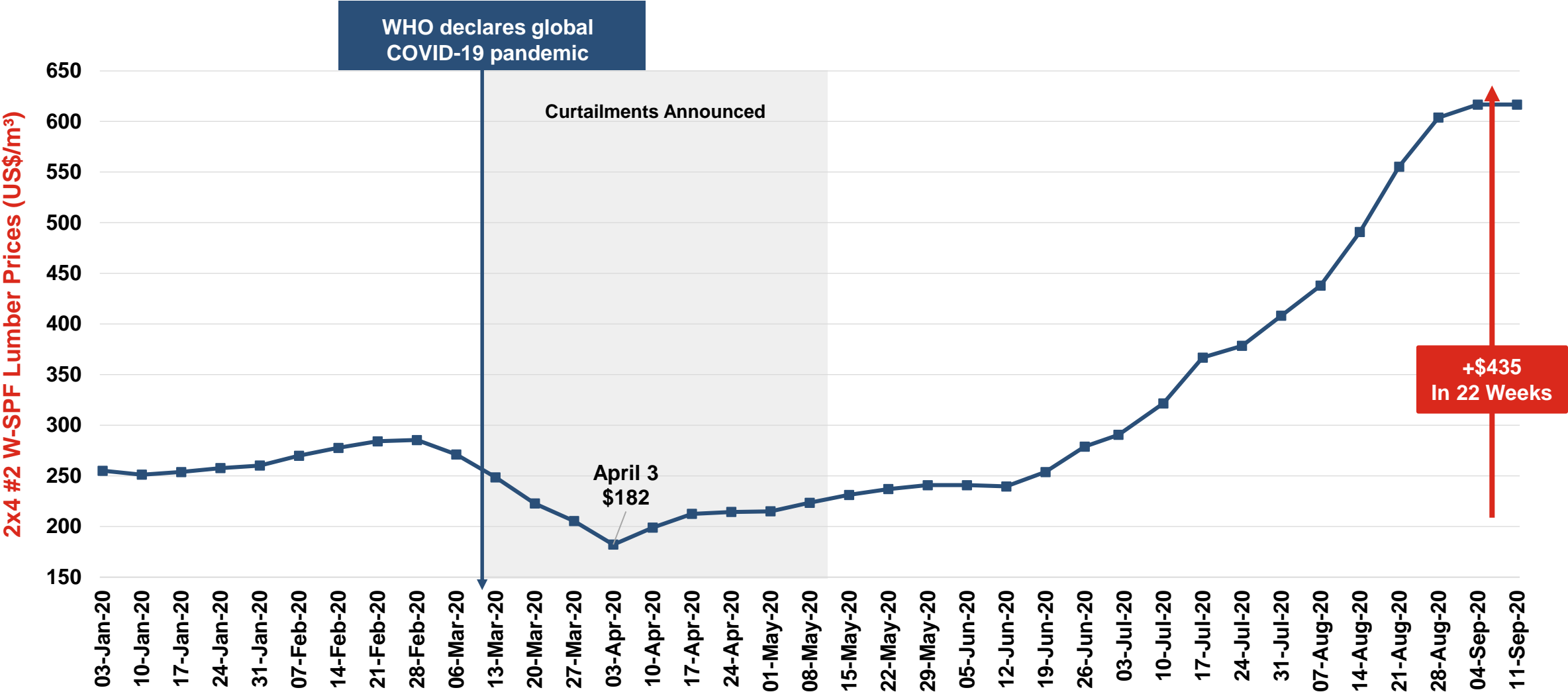


Unemployment Rates & Homebuyers

Homebuyer Demographic Not Recovering at Pace of Lower Income Bracket



Unexpected Rebound in the Price of Lumber (US\$/M³ Net)

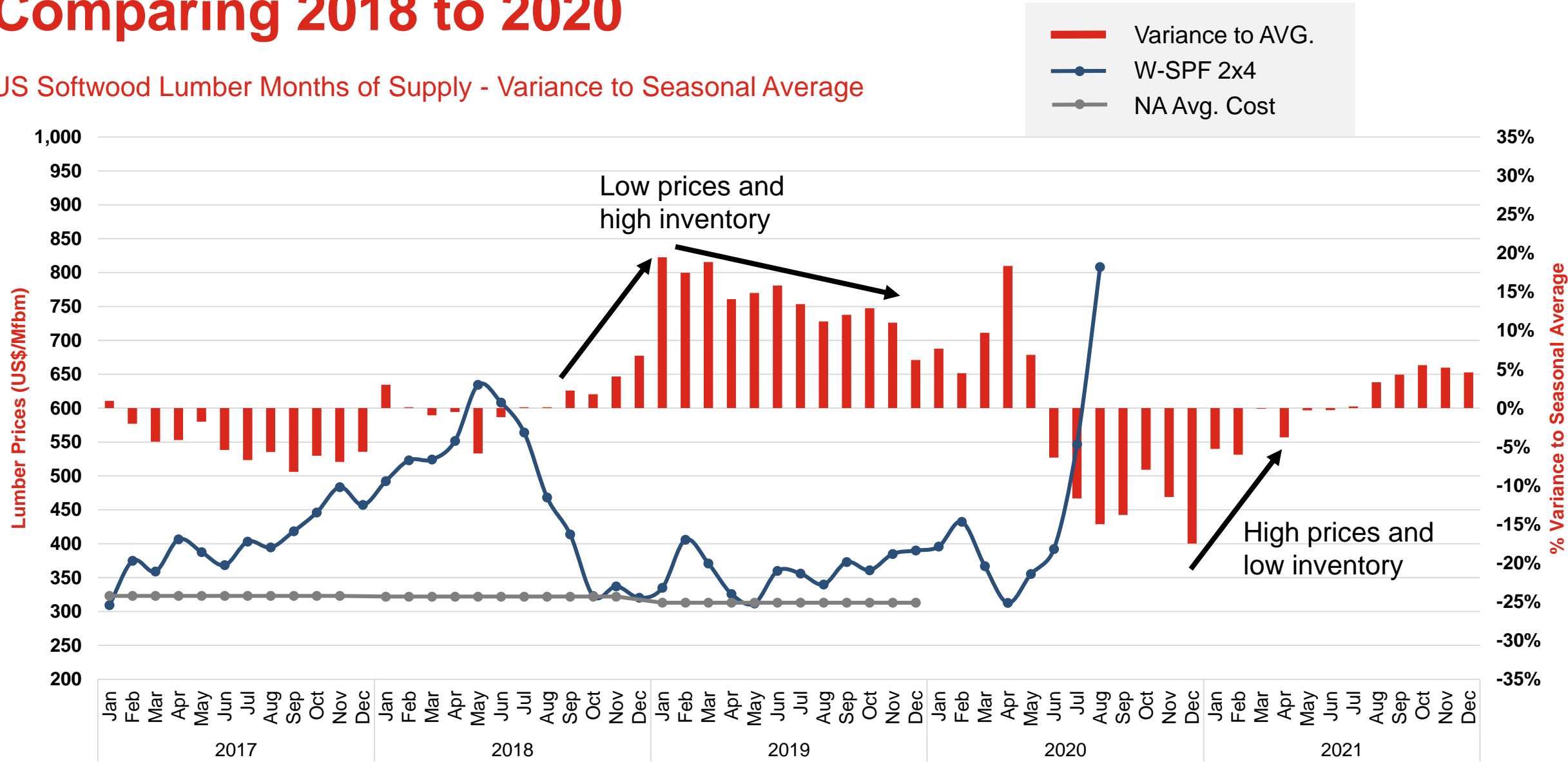


Source: Random Lengths Publications
Note: Price converted to cubic metre 2x4 net count



Comparing 2018 to 2020

US Softwood Lumber Months of Supply - Variance to Seasonal Average



US Wildfires

The fires this year are significantly more intense and are **the worst fires in 18 years.**

The estimated economic impact of this year's fire season **could be more than \$20 billion.**



How Big are the US Wildfires?

More than **27,000 square kilometres** have been burned, equivalent to this area around London.



In Vancouver there was a **10-day air quality advisory and limited visibility due to the fires in the US.**





Impacts of the Wildfires on Lumber Markets

After the fires there will be an increase in production to process the burned wood.

After the burned wood is processed, a fibre shortage is expected, which will further constrain supply.

Opportunity to Redefine the North American Pricing Model



Working with customers
to **lock into longer-term agreements** to provide
more sustainable and consistent returns.



We are committed to aggressively participating
in developing these new models.

Looking to 2021 and Beyond

There continues to be uncertainty in our industry.

We anticipate that inventories will begin to level out in Q1 2021, but **overall, supply should remain tight.**



Thank you



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