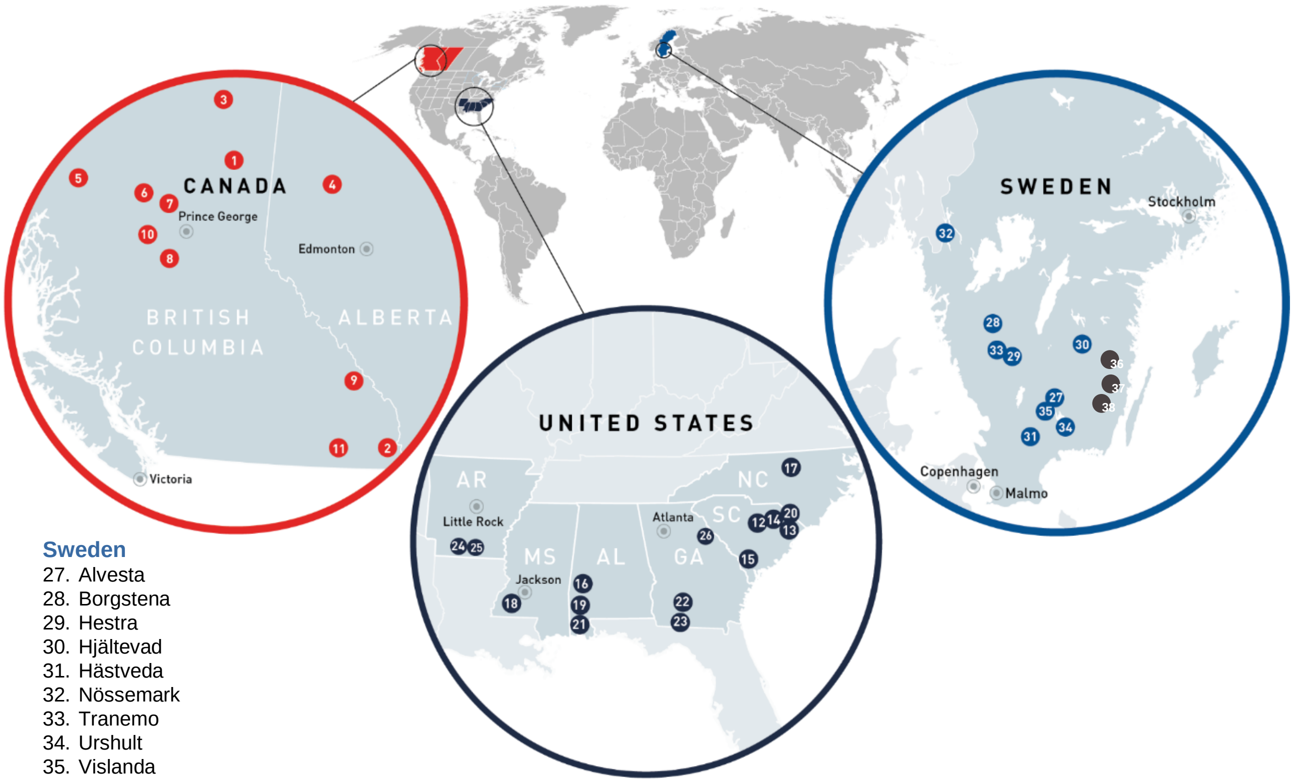
Vida – Canfor
Global timber market overview

Kurt Schrammel, 22nd June 2021

Head Office	**Vancouver, Canada**	
Number of Employees	6,500	
Number of Production Facilities	***50 including:*** ➢ 38 Sawmills (13 in Canada, 13 in the U.S, 12 Sweden - Vida) ➢ 4 Pulp Mills (in Canada) ➢ 1 Kraft Paper Mill (in Canada) ➢ 3 Pallet Plants (in Canada) ➢ 2 Laminating Plants (in U.S.) ➢ 1 Finger Joint Facility (in U.S.) ➢ 1 Seedling Nursery (in Canada) ➢ 1 Green Energy Facility (in Canada) ***The company also operates:*** ➢ A dedicated trucking line that services North Carolina, South Carolina, Arkansas, Alabama and Georgia and Mississippi. ➢ Own trains in Sweden ➢ Sweden's biggest timber packaging company (Cable drums etc.) ➢ Prefab House company in Sweden	
Annual Production Capacities	**Timber Output:**	10.0 Million M3
	Pulp and Paper:	1.46 Million Tonnes
	Biomass Electrical Production:	951,000 MWh
	Wood Pallets:	700,000 tonnes
Customer Markets	Canada, U.S, China, Japan, Australia, Korea, Southeast Asia, Middle East, India and the whole of Europe (UK being biggest market of the Swedish production)	
Sales Offices & Distributions	Canada, U.S, UK, Holland, Denmark, Australia, Japan	

Global Operations



Canada
1. Chetwynd, BC
2. Elko, BC
3. Fort St. John, BC
4. Grande Prairie, AB
5. Houston, BC
6. Mackenzie, BC
7. Polar, BC
8. Prince George, BC
9. Radium, BC
10. Vanderhoof, BC
11. Wynndel, BC

United States
12. Camden, SC
13. Conway, BC
14. Darlington, SC
15. ***Estill, SC**
16. Fulton, Al
17. Graham, NC
18. Hermanville, MS
19. Jackson, Al
20. Marion, SC
21. Mobile, Al
22. Moultrie, GA
23. Thomasville, GA
24. Urbana, AR
25. ***El Dorado, AR**
26. ***Washington, GA**

Sweden
27. Alvesta
28. Borgstena
29. Hestra
30. Hjältevad
31. Hästveda
32. Nössemark
33. Tranemo
34. Urshult
35. Vislanda
36. ***Vimmerby**
37. ***Mörlunda**
38. ***Orrefors**

*** Glulam**
*** 2020 Growth**

27
US and Canada
23 sawmills
2 laminating plants
1 finger joined plant
1 tree nursery
1 trucking fleet

21
Vida - Sweden
12 sawmills
6 packing facilities
2 building facilities
1 green energy plant

57
Canfor Operations
6700
Global Employees

$1,000/Mfbm Lumber?

2020 “How it started”

2021 “How it’s going”

Do-It-Yourself Activity

Pandemic induced demand
- Stay at home orders
- Government stimulus
- Low mortgage rates

Aging in Place Boomers
- Home delivery
- Aging housing stock

New Home Construction

Pandemic sustained demand
- Suburban Migration/WFH
- Millennial households

Structural Housing deficit
- Few existing homes 4sale
- Affordable housing needs

16th June Wall Street Journal

U.S. Housing Market Needs 5.5 Million More Units, Says New Report

CANFOR

VIDA

U.S. - Softwood Timber Supply & Demand (BBF)

	2018	2020	2021	2022	2023	2024	2025
U.S. PRODUCTION	34.9	35.2	37.1	38.0	39.0	40.9	41.8
Imports – Canada	13.6	13.1	13.9	13.9	13.7	13.4	13.4
Imports – EU	0.9	2.3	2.5	2.7	2.6	2.4	2.5
Imports - Other	0.6	0.4	0.4	0.4	0.4	0.5	0.6
Total Imports	15.1	15.8	17.0	17.0	16.7	16.3	16.5
U.S. Exports (*minus*)	(1.8)	(0.9)	(0.9)	(1.0)	(1.1)	(1.1)	(1.1)
Total Supply	48.2	50.1	52.8	54.0	54.6	56.1	57.2
Total Demand	48.2	51.0	53.0	53.3	54.6	56.0	56.9
Supply Gap (-)	0.0	(0.9)	(0.2)	0.7	0.0	0.1	0.3

Changes to Prior Outlook

- Reflecting US South production coming online earlier (2022 vs 2023)
- Euro import volumes adjusted to reflect enhanced analysis and conversion rates
- Canadian imports increased to reflect continued strength and lower offshore exposure due to high NA pricing through 2021 & 2022
- Demand outlook for 2021 increased to reflect continued strength in R&R and higher proportion of single-family homes in residential construction

1 BBF = 1.6mio CBM

Europe – Head Lines

16 June 2021

- Prices explode in Germany: wood is the new gold
  https://www.globalwoodmarketsinfo.com/prices-explode-germany-wood-new-gold/

15 June 2021

- Forecast: Higher timber prices in Sweden expected in 2021 https://www.globalwoodmarketsinfo.com/forecast-higher-timber-prices-sweden-expected-2021/

8 June 2021

- Turkey limits export of wood raw materials to avoid shortages https://www.globalwoodmarketsinfo.com/turkey-limits-export-wood-raw-materials-avoid-shortages/

7 June 2021

- Global wood shortage and soaring prices threaten lumber industry in Japan
  https://www.globalwoodmarketsinfo.com/global-wood-shortage-soaring-prices-threaten-lumber-industry-japan/

4 June 2021

- 100% above normal - Price increases with no end in sight, saturation possibly in Q4 https://www.timber-online.net/sawn_timber/2021/06/100--above-normal.html

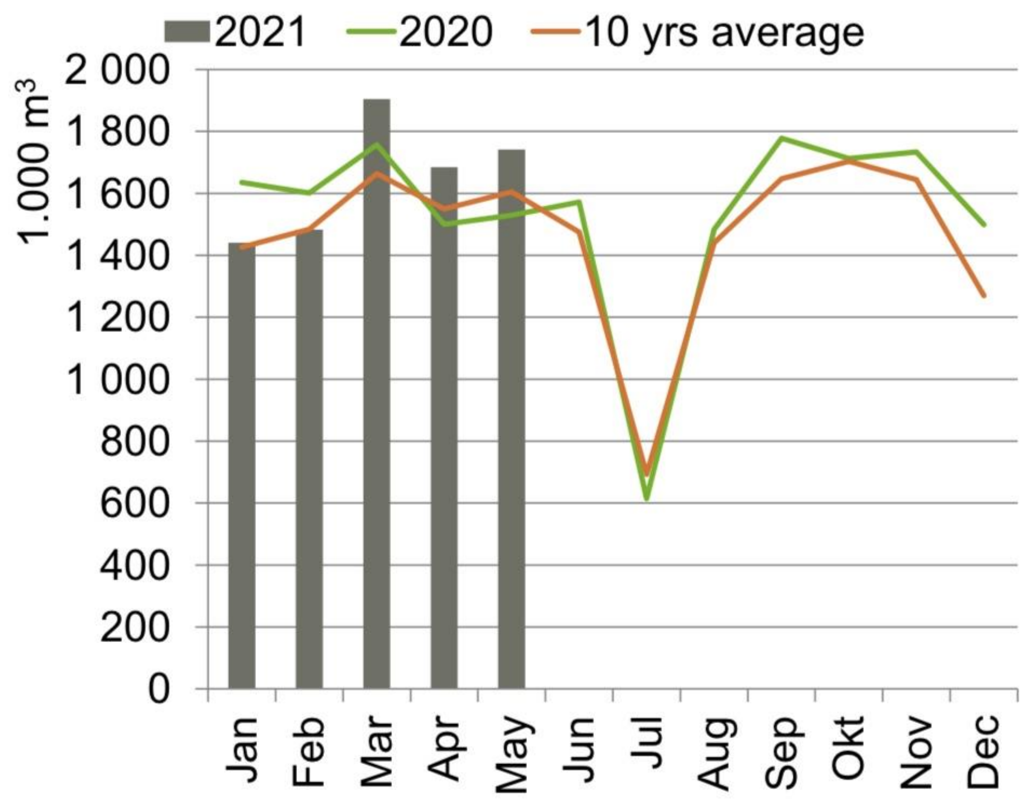
31 May 2021

- Construction stoppages in Germany due to timber bottlenecks
  https://www.globalwoodmarketsinfo.com/construction-stoppages-germany-due-timber-bottlenecks/

28 May 2021

- UK Timber Trade Federation warns of major challenges ahead for timber users in Q3 2021
  https://www.buildersmerchantsnews.co.uk/TTF-warns-of-major-challenges-ahead-for-timber-users-in-Q3-2021/51136

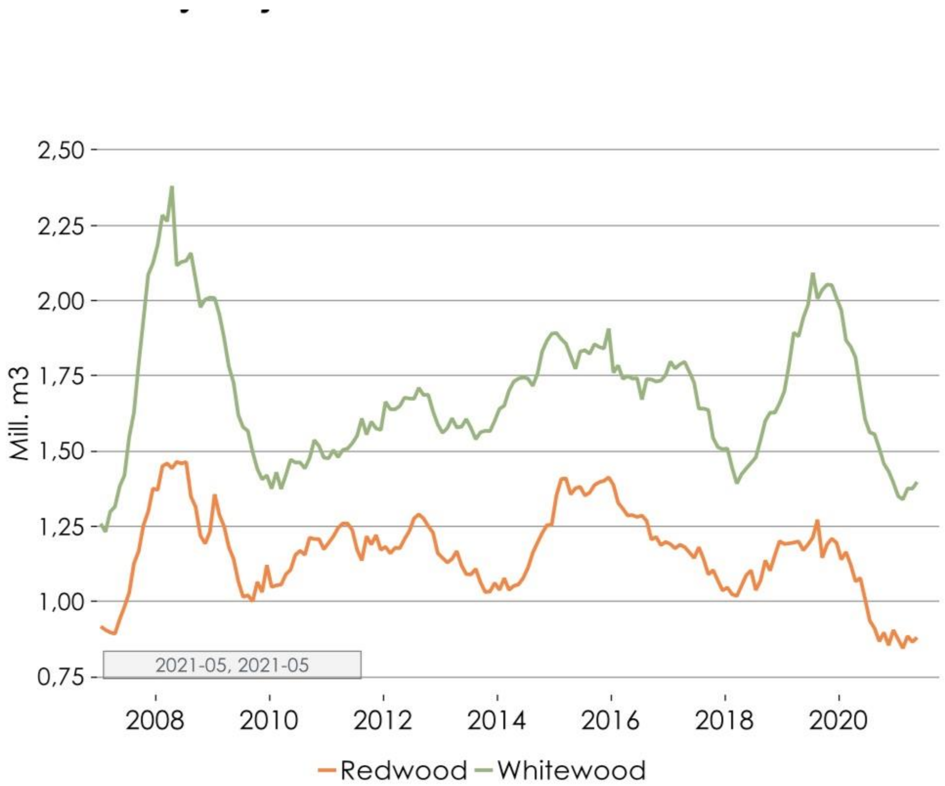
Swedish Production of Softwood



Change compared with the same month last year	
Month	14%
Cumulative this year	2,9%
Total prod. estimate (1.000 m3)	
Month	1 741
Cumulative this year	8 253

Source: Swedish Forest Industries Federation

Swedish stocks of Softwood



Total stock, change compared with (%)

Previous month	-1%
Same month last year	-18%

Redwood stock, Change compared with (%)

Previous month	-2%
Same month last year	-18%

Whitewood stock, change compared with (%)

Previous month	0%
Same month last year	-18%

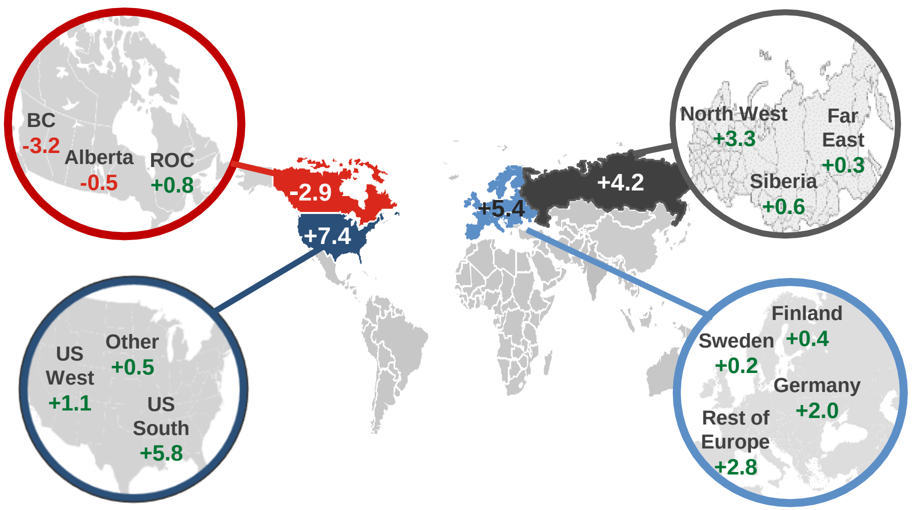
Redwood: Scotts Pine – Pinus Sylvestris
Whitewood: Spruce – Picea Abies

Source: Swedish Forest Industries Federation

Timber Supply

Global supply increasing by estimated 15 BBF/24 mio m3 by 2025 (vs. 2018 baseline)

- Significant capacity additions driven by growth in US, Russia and Europe
- Includes all announced capacity changes to-date with moderate growth through forecast period in low-cost regions



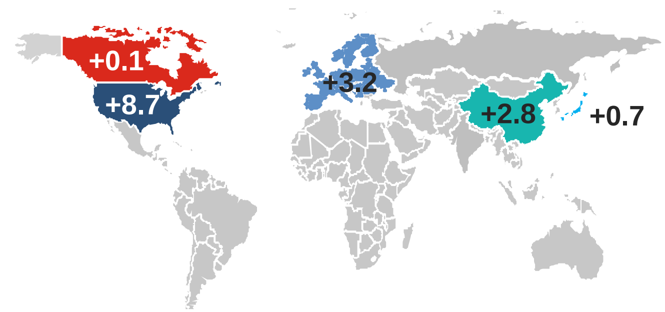
Risks and unkown factors:

Will Russia actually be able to ramp up production that fast after the log export ban?
China trade and possible trade barriers
Beetle killed timber in Europe

Timber Demand

Incremental lumber capacity met with increased global demand

- Demand led by significant growth in US
- EU demand supported by green building initiatives, R&R growth, Mass Timber
- Green initiatives, growing middle class supporting increased demand for higher value products in China



Global Supply and Demand*

Bfbm	2018	2020	2021	2022	2023	2024	2025
Supply	208	205	216	218	220	221	223
Demand	204	211	218	217	219	221	223
Surplus (Deficit)	4	(6)	(2)	1	1	0	0

**Includes Southern Hemisphere and Other*

MGP 10 (90X35) vs the rest of the world

Product	market	application	origin	net mill €/cbm	net mill US$/cbm	net mill AUS/cbm	freigth AU$/cbm	duty 5% FOB	BSMB treatment	loaded on truck lm AUS mainport in AUD$	comments
W SPF 2X4 RL*	NA	structural	CAN		$ 650,00	$ 844,16	$ 127,00		$ 20,00	$ 3,20	quality in between F5&F8 R/L Print 18th June 2021
W SPF 2X4 RL*	NA	structural	CAN		$ 1 053,00	$ 1 367,53	$ 127,00		$ 20,00	$ 4,85	quality in between F5&F8 Peak price 21st May 2021
MSR 2X4 2100F*	NA	trusses	CAN		$ 807,00	$ 1 048,05	$ 127,00		$ 20,00	$ 3,84	similar to MGP10 R/L Print 18th June 2021
MSR 2X4 2100F*	NA	trusses	CAN		$ 1 163,00	$ 1 510,39	$ 127,00		$ 20,00	$ 5,30	similar to MGP10 Peak price 21st May 2021
CLS	UK	DIY	SWE	640,00 €		$ 1 016,00	$ 159,00	$ 50,79		$ 3,94	compareable to MGP10 studs
TR26	UK	trusses	SWE	560,00 €		$ 889,00	$ 159,00	$ 44,44		$ 3,52	similar to MGP10
KVH	GER	structural	SWE	700,00 €		$ 1 111,00	$ 159,00	$ 55,56	$ 20,00	$ 4,25	compareable to M10 long lenghts
J-Grade 2X4	JAP	structural	CAN/SWE		$ 1 100,00	$ 1 428,57	$ 127,00		$ 20,00	$ 4,98	compareable to M10 long lenghts

- Euro & Jap Prices are market prices for Q3/2021 Shipments
- USA is a highly volotile market – with strong a underlying demand with prices at peak almost 2,5times higher then Australia

In red: products most compareable to MGP10
Loaded on truck => Container unloading included
*MBF vs CBM ➔ *0,434 / 0,65625 (nominal 2X4 vs 38X89)*
FX AU$/€ 0,62; FX AU$/US$ 0,77
CAN = Canada and requires fumigation BMSB

Where do we stand – and where do we go?

Freight:

- Average freight for an European Mill (Mill to AUS Port) 2019 was € 45/cbm – Today it‘s € 100/cbm plus!
- Sea Freight 40‘ Ctrs 2018 ➔ USD 1.800 2021 ➔ USD 5000 and is still going up
- Shipping companies limited once again containers available for Q3 to Australia
- Local Australian Port charges have doubled from 2019 to 2021
- Extended lead times – from 2 months to today, 3 ½ months

Even if an European shipper want’s to increase shipments to Australia they wouldn’t get the containers!

Cross – section:

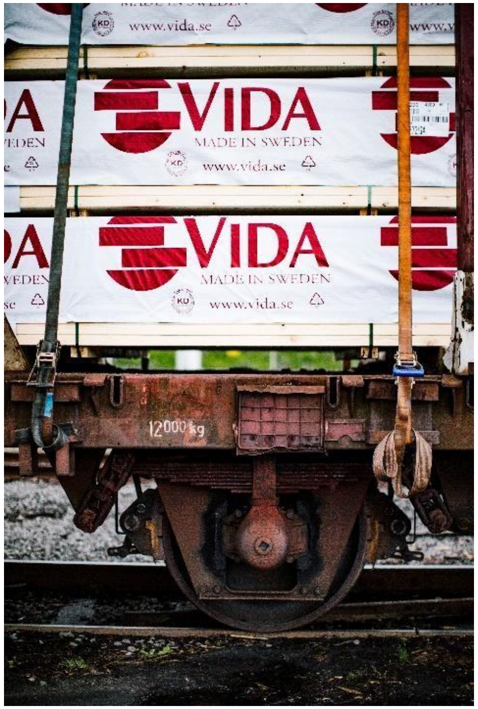
- Unlike 2X4 (38X89) that is in common use across Northern America, Western Europe and Asia that enables the mills to quickly shift volumes within the markets, Australian cross section are just used in the ANZ only which limits the mills flexibility

3rd quarter:

- European mills are basically sold out until September and have one month holiday/maintenance break
- Stocks in Europe are empty
- Log prices increased to an average of €100/cbm (forest road) and are still moving up

Conclusion: Europe and Northern America will not be able to bridge the gaps in Australia in 2021

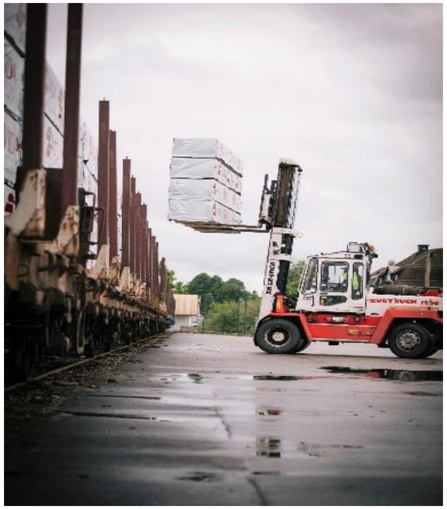

VIDA
MADE IN SWEDEN


www.vida.se
VIDA
MADE IN SWEDEN
www.vida.se
VIDA
MADE IN SWEDEN
www.vida.se
12000 kg

VIDA

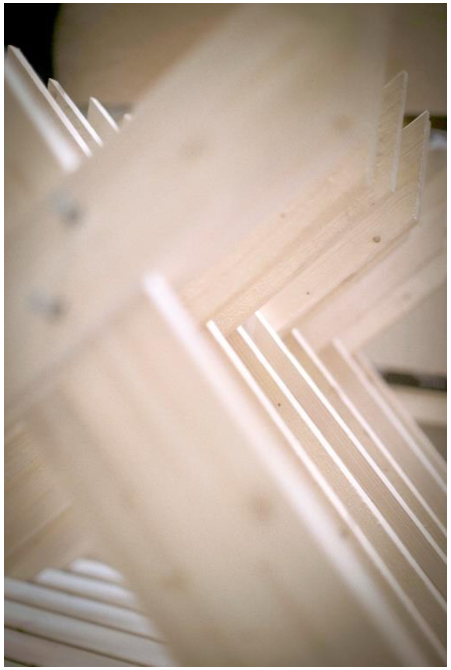
Closest to the best raw material source

Closest to the market



Customer-Tailored Solutions

"Make things easier for our customers"



VIDA