

*For Immediate Distribution*

## **Letko Brosseau to Vote AGAINST Great Pacific Capital Corp. Proposal to Take Canfor Corp. Private**

Montreal, Quebec, November 4, 2019 – Letko, Brosseau & Associates Inc., an independent investment manager that exercises investment control or direction over approximately 4.7% of the outstanding shares of Canfor Corporation ("Canfor" or the "Company"), today reaffirmed its intention to vote AGAINST the proposed going private transaction of Canfor by Great Pacific Capital Corp., which currently owns approximately 51% of Canfor shares outstanding.

Based on Letko Brosseau's own analysis, the proposed offer is very opportunistic and significantly undervalues the Company:

- The 81.8% premium to the closing price prior to the announcement of the proposed offer is based on a very depressed share price (\$8.80), a level that hasn't been seen in almost ten years. At \$16 per share, the offer is less than 50% of what the shares were trading at in June 2018.
- Over the past two years, Canfor's board of directors has authorized share repurchases at significant premiums compared to the current offer. During the third quarter of 2018, for instance, the Company purchased 2.3 million shares at an average price of \$27.91. This is 74% above the current offer.
- Lumber prices have been recovering and are up 37% (to US\$392/mbf) from its recent trough levels.
- The offer doesn't reflect Canfor's historical level of profitability and its potential for strong earnings growth and cash flow generation going forward.
- We believe that Canfor earnings could improve materially with stronger housing starts, lumber capacity closures, improving pulp market and the contribution of Canfor's latest acquisitions.
- We note that the Special Committee charged with reviewing the fairness of the offer failed to reach a unanimous conclusion. Barbara Hislop, a member of the Special Committee, abstained from voting on the resolution. She worked at Canfor from 1977-2004 where she held various roles in marketing, production, and executive positions including Vice-President of Operations. She owns 2.48 million shares (about 2% of the Company) and, according to the press release issued by Canfor on October 28th, is not prepared to commit to vote her shares in favour of the transaction at this time.

To protect the value of our investment, we intend to vote against the proposed going private transaction.

Letko Brosseau is a Canadian independent investment manager founded in 1987. The firm manages approximately \$27 billion in assets for institutional investors and private clients.



**FORWARD-LOOKING STATEMENTS**

Certain information contained in this press release may constitute forward-looking statements. Forward-looking statements may include estimates, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Letko Brosseau believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. Letko Brosseau's forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained in this press release are made as of the date hereof and Letko Brosseau does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

**FOR ADDITIONAL INFORMATION, PLEASE CONTACT:**

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