

CIBC Institutional Investor Conference

January 2016



CANFOR CORPORATION.

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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, 2013 available at www.canfor.com or www.sedar.com.

An aerial photograph of a dense, lush green forest of coniferous trees. The trees are packed closely together, creating a textured, vibrant green canopy. In the center of the image, there is a large, semi-transparent red circle. Inside this circle, the text "Canfor Corporation" is written in a white, sans-serif font, positioned above the large, bold, white letters "CFP".

Canfor Corporation

CFP

Canfor Corporation (CFP)



Locations

- 23 Sawmills
12 in Canada
11 in US
- 4 Green Energy Plants
- 3 Engineered Product Mills
- 2 Chip Plants
- 4 Pulp Mills / 1 Kraft Paper Mill (integrated)

Lumber Capacity:
5.8 billion boardfeet

Pulp/Paper Capacity:
1.4 million tonnes



2014 Lumber Sales
\$2.2 Billion

- United States
- Asia
- Canada
- Other



2014 Pulp Sales
\$1.1 Billion

- Americas
- Asia
- Europe



Significant Strategic Upgrades



From 2010 to 2015, the Canfor lumber business has invested more than **\$500 million on high returning strategic capital upgrades** in regions and operations with excellent fibre base:

Planer Upgrades



Energy Systems



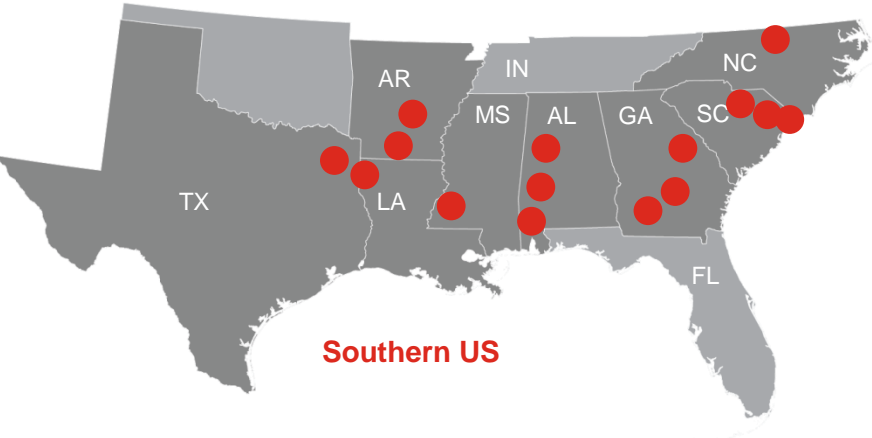
Productivity Improvements



Grade Optimization



US Expansion



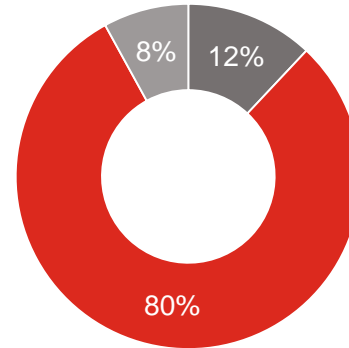
Southern US

- Total Capacity: approx. 1.6 billion board feet
- Strong fibre supply region, high performing operations
- Significant reinvestment of capital
- Access to domestic and offshore markets
- Strategic acquisition total \$325 million (2013-2015)

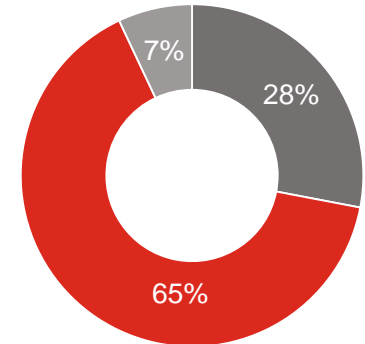
Production Mix

■ US South ■ British Columbia ■ Alberta

Current



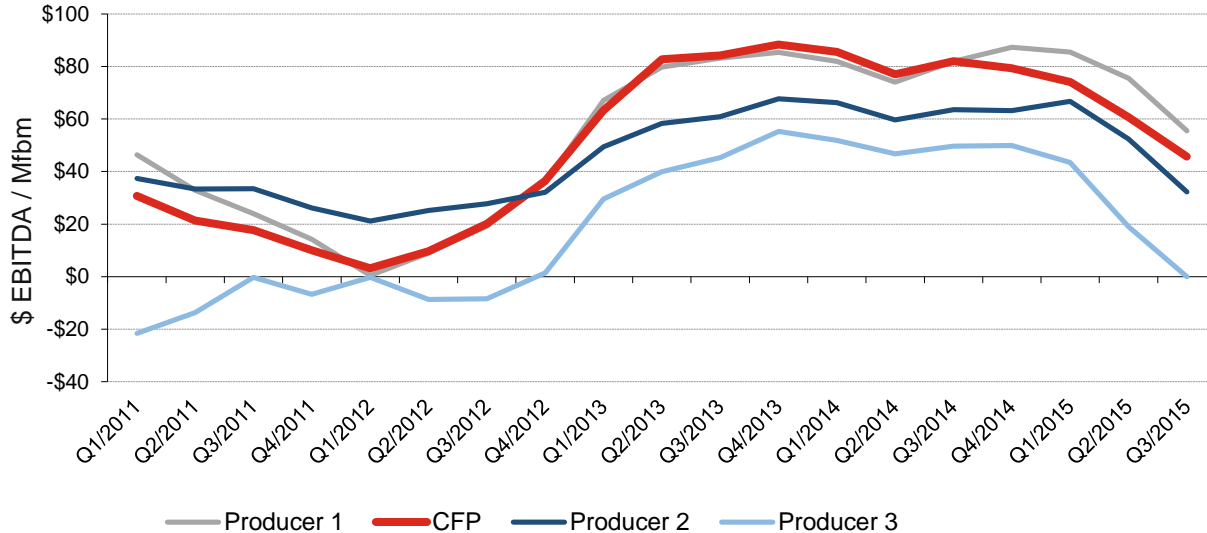
Pro-forma



Significant EBITDA Improvements: Top Quartile Performance



Lumber EBITDA per Mfbm (rolling four quarter average)

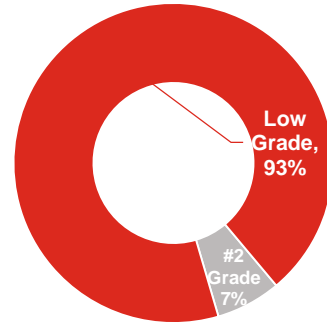
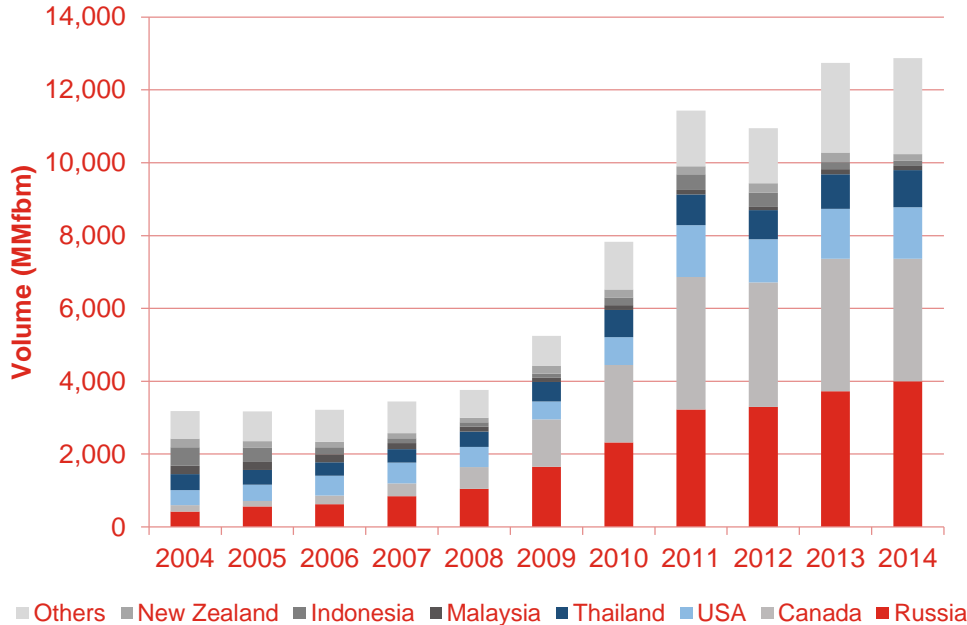


- **Optimizing top quartile performance at lumber operations**
 - Divested non-core assets, closed fibre-challenged mills
- **Expanded market presence and diversification**
 - Building further value / volume in China and Japan
 - Pioneering into new markets (e.g. India)
- **Regional performance reflect strong results in all regions**
 - Strong margin focus and quality fiber base in all regions



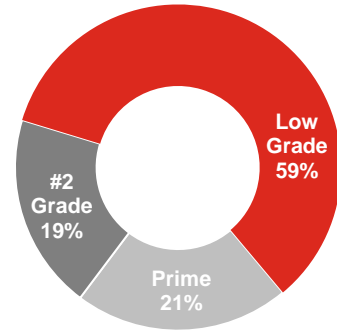
Lumber Markets

China Imports (MMfmb)



2007

Source: China Customs



2014

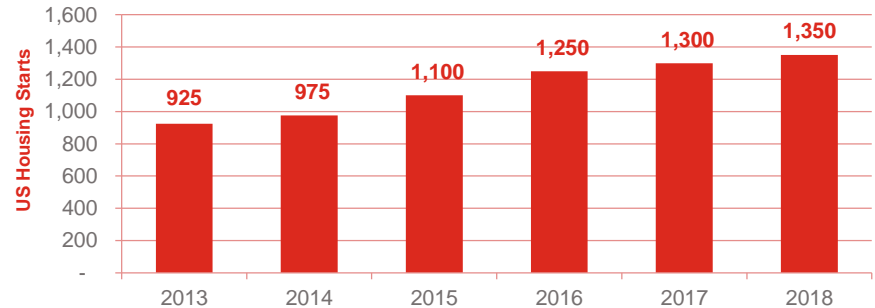
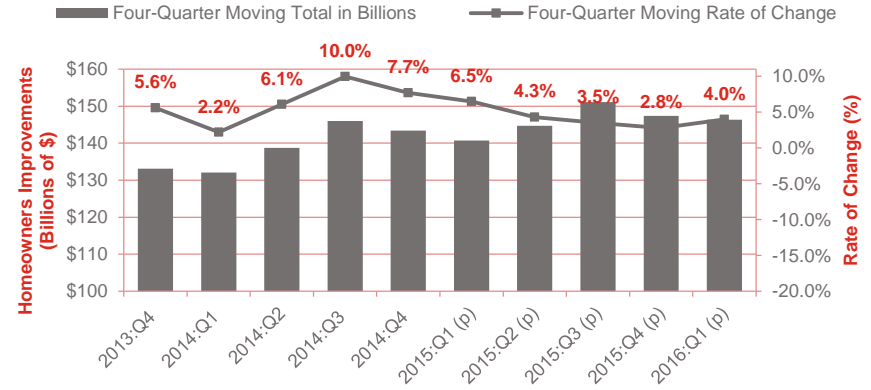
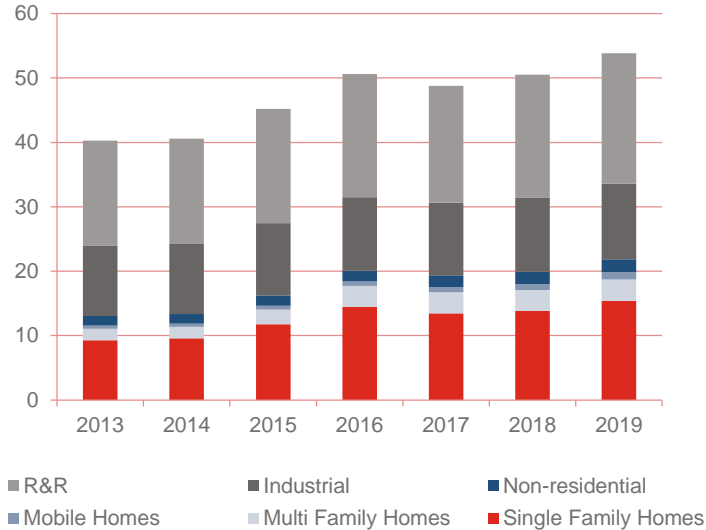
Source: China Customs

US Lumber Demand



Housing starts not the Only Market to Watch

US Lumber Demand





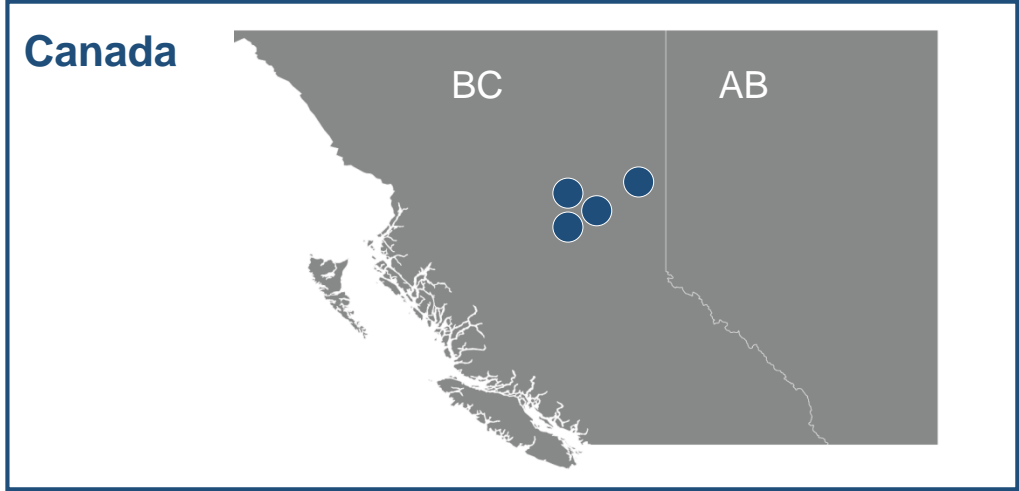
Canfor Pulp Products Inc.

CFX

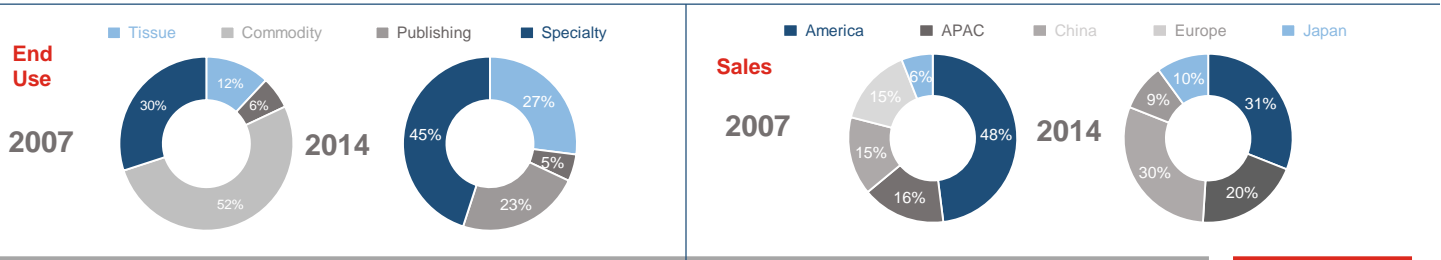
Locations

- 1 Intercontinental
- 2 Northwood
- 3 Prince George
- 4 Taylor

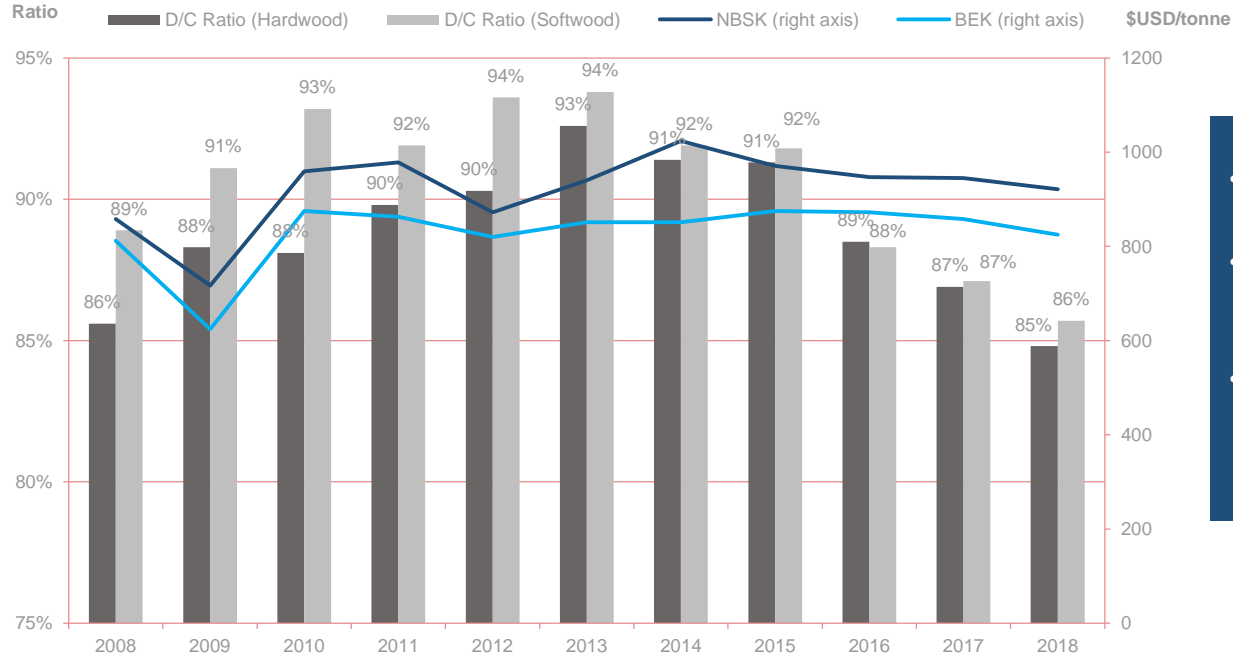
Canada



1.2 million tonnes of high quality premium reinforcing pulp and paper



Operating Rate for Softwood Pulp

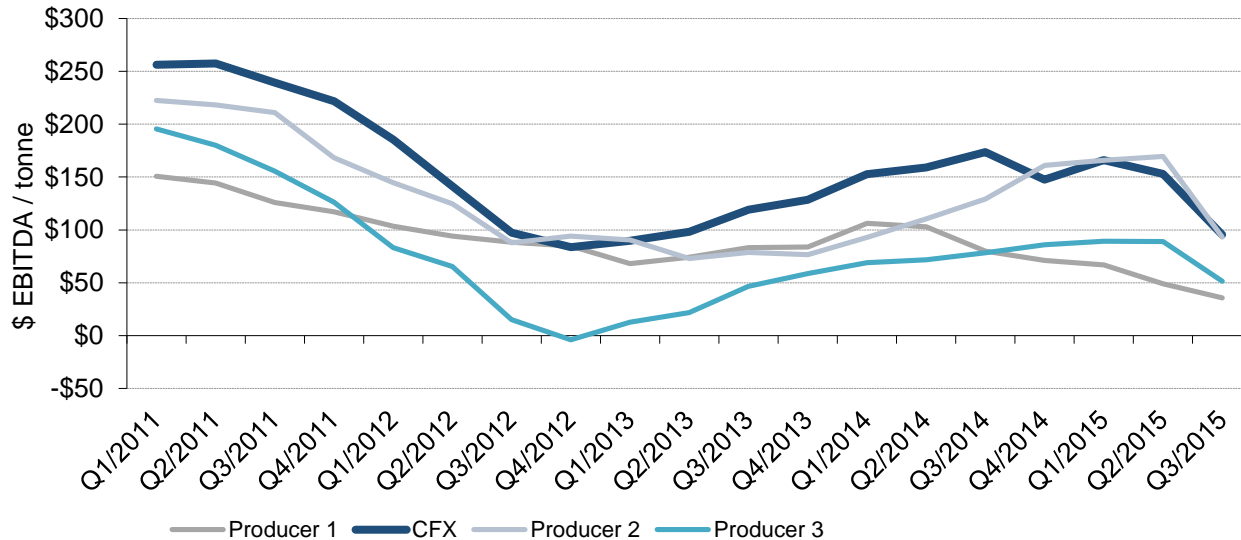


- Operating rate projected to come off due to **projected capacity additions**
- **Historical price premium of \$70** for NBSK over eucalyptus; currently near \$95/admt
- Potential risk for softwood pricing to be negatively influenced by **falling operating rates**

Sustained EBITDA Performance Against Peers



Pulp EBITDA per admt (rolling four quarter average)



Reinforcing top quartile performance:

- Ongoing operational excellence focus
- Energy optimization
- Enhancing offerings of premium pulp and specialty paper
- Over \$250 million of capital investment since 2010

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