

Canfor Corporation and Canfor Pulp Products Inc.
Quarter 3, 2012
Financial Performance Overview



Presented by:

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Forward-Looking Statements



- 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 and labour 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 and Canfor Pulp Products Inc.'s Annual Reports for the year ended December 31, 2011.



(millions of dollars, except for per share amounts)	Q3 2012		Q2 2012	
	\$	\$/Share	\$	\$/Share
Net income attributable to equity shareholders of the Company	\$ 22.2	\$ 0.16	\$ 4.5	\$ 0.03
Non-operating / unusual items (after-tax, net of non-controlling interests)				
Foreign exchange (gain) loss on long-term debt and investments, net	\$ (4.0)	\$ (0.03)	\$ 2.4	\$ 0.02
(Gain) loss on derivative financial instruments	\$ (4.4)	\$ (0.03)	\$ 4.2	\$ 0.03
Restructuring charges for management changes	\$ 1.5	\$ 0.01	\$ -	\$ -
Net impact of above items	\$ (6.9)	\$ (0.05)	\$ 6.6	\$ 0.05
Shareholder net income, as adjusted	\$ 15.3	\$ 0.11	\$ 11.1	\$ 0.08

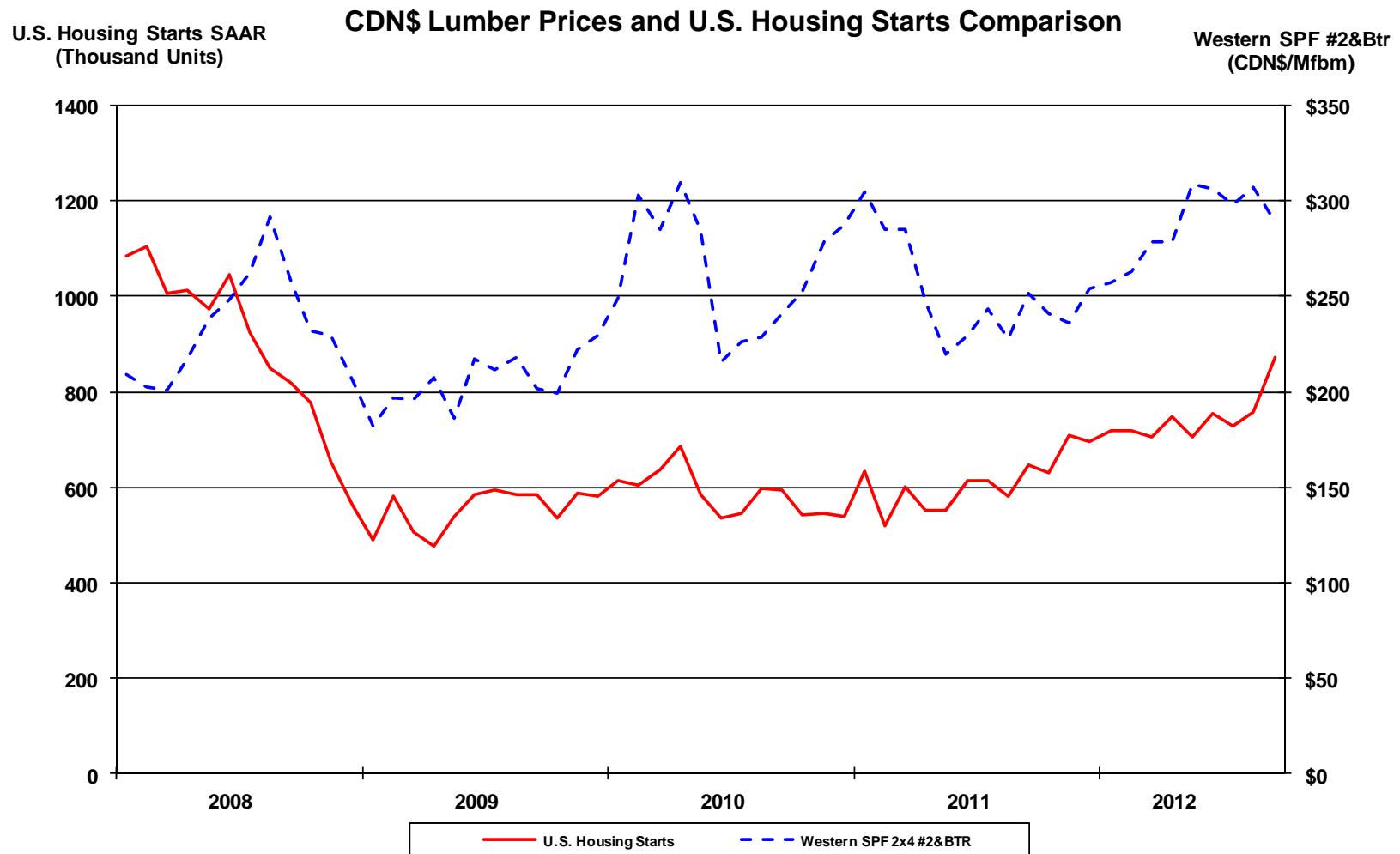
Canfor Corporation
Sales and Operating Earnings Summary



(millions of dollars unless otherwise noted)	Q3 2012	Q2 2012	Variance
Gross Sales	\$ 683.8	\$ 700.9	\$ (17.1)
Operating income (loss) by segment:			
Lumber	\$ 34.9	\$ 18.9	\$ 16.0
Pulp & Paper	\$ (7.2)	\$ 11.7	\$ (18.9)
Unallocated and other	\$ (5.4)	\$ (4.6)	\$ (0.8)
Total operating income, as reported	\$ 22.3	\$ 26.0	\$ (3.7)
Included in above:			
Positive impact of inventory valuation adjustments	\$ -	\$ (6.6)	\$ 6.6
Operating income excluding inventory valuation adjustments	\$ 22.3	\$ 19.4	\$ 2.9
Average exchange rate (US\$ per C\$1.00)	\$ 1.005	\$ 0.990	\$ 0.015
End of Period Exchange Rate (US\$ per C\$1.00)	\$ 1.017	\$ 0.981	\$ 0.036

Operating income before amortization by segment:			
Lumber	\$ 60.4	\$ 45.4	\$ 15.0
Pulp & Paper	\$ 8.5	\$ 26.8	\$ (18.3)
Unallocated and other	\$ (0.9)	\$ (0.2)	\$ (0.7)
Total operating income excluding amortization	\$ 68.0	\$ 72.0	\$ (4.0)

CDN\$ Lumber Prices and U.S. Housing Starts Comparison



Note: Canadian price is calculated as the US price multiplied by the average monthly exchange rate per the Bank of Canada Source: U.S. Bureau of the Census and Random Lengths Publications, Inc.



	Q3 2012	Q2 2012	Variance
(millions of dollars unless otherwise noted)			
Sales	\$ 454.7	\$ 443.5	\$ 11.2
Operating income	\$ 34.9	\$ 18.9	\$ 16.0
Positive impact of inventory valuation adjustments	\$ -	\$ (2.9)	\$ 2.9
Operating income excl. impact of inventory valuation adjustments ("Adjusted operating income")	\$ 34.9	\$ 16.0	\$ 18.9
Adjusted operating income excluding amortization	\$ 60.4	\$ 42.5	\$ 17.9
Average SPF 2x4 #2&Btr price in CDN\$	\$ 299	\$ 298	\$ 1
Average SYP 2x4 #2 lumber price in US\$	\$ 322	\$ 325	\$ (3)
Production - SPF lumber (MMfbm)	974	994	(20)
Production - SYP lumber (MMfbm)	119	124	(5)
Shipments - Canfor-produced SPF lumber (MMfbm)	997	1,011	(14)
Shipments - Canfor-produced SYP lumber (MMfbm)	128	133	(5)

Operating earnings improved \$18.9 million to \$34.9 million (before inventory valuation adjustments)

- Improved sales realizations for both North American and Offshore markets.
 - Benchmark WSPF 2x4 #2&Btr price relatively unchanged, moderate increases for certain other grades, widths.
 - Reduction in average export tax from 13% to 8% on all US bound shipments.
 - 1.5% stronger Canadian dollar
- Shipments down 2%, reflecting less operating time (annual maintenance shuts and one additional statutory day).
- Unit manufacturing costs up slightly – market stumpage related log cost increases largely offset by improved productivity.



	Q3 2012	Q2 2012	Variance
(millions of dollars unless otherwise noted)			
Sales	\$ 206.3	\$ 239.4	\$ (33.1)
Operating income (loss)	\$ (7.2)	\$ 11.7	\$ (18.9)
Amortization	\$ 15.7	\$ 15.1	\$ 0.6
Operating income before amortization	\$ 8.5	\$ 26.8	\$ (18.3)
Average NBSK pulp list price delivered to U.S. - US\$	\$ 853	\$ 900	\$ (47)
Average NBSK pulp list price delivered to U.S. - CDN\$	\$ 849	\$ 909	\$ (60)
Production - Pulp (000 mt)	277	263	14
Shipments - Pulp (000 mt)	269	282	(13)

Canfor Pulp Products Inc.
Sales and Operating Earnings Summary



(millions of dollars unless otherwise noted)	Q3 2012	Q2 2012	Variance
Gross Sales	\$ 177.7	\$ 210.8	\$ (33.1)
Operating income (loss) by segment:			
Pulp	\$ (8.4)	\$ 8.6	\$ (17.0)
Paper	\$ 5.0	\$ 4.8	\$ 0.2
Unallocated and other	\$ (4.8)	\$ (3.0)	\$ (1.8)
Total operating income (loss)	\$ (8.2)	\$ 10.4	\$ (18.6)
Net income (loss)	\$ (4.6)	\$ 3.3	\$ (7.9)
Average exchange rate (US\$ per C\$1.00)	\$ 1.005	\$ 0.990	\$ 0.015
End of Period Exchange Rate (US\$ per C\$1.00)	\$ 1.017	\$ 0.981	\$ 0.036

Operating income before amortization by segment:			
Pulp	\$ 5.9	\$ 22.4	\$ (16.5)
Paper	\$ 5.9	\$ 5.7	\$ 0.2
Unallocated and other	\$ (4.8)	\$ (3.0)	\$ (1.8)
Total Operating income before amortization	\$ 7.0	\$ 25.1	\$ (18.1)



	Q3 2012	Q2 2012	Variance
(millions of dollars unless otherwise noted)			
Sales	\$ 144.8	\$ 171.9	\$ (27.1)
Operating income before amortization	\$ 5.9	\$ 22.4	\$ (16.5)
Operating income (loss)	\$ (8.4)	\$ 8.6	\$ (17.0)
Average NBSK pulp list price delivered to U.S. - US\$	\$ 853	\$ 900	\$ (47)
Average NBSK pulp list price delivered to U.S. - CDN\$	\$ 849	\$ 909	\$ (60)
Production - Pulp (000 mt)	221	213	8
Shipments - Pulp (000 mt)	214	230	(16)

Operating income down \$17.0 million compared to operating loss of \$8.4 million in Q3.

- Reduction in NBSK list prices of over 5% in all regions.
 - Average list price for North America down US\$47
- 1.5% stronger Canadian dollar
- Shipments down 16,000 tonnes reflecting market and outages
- One-time costs comprising \$3.2 million paid upon ratification of new five year collective labour agreements and integration related restructuring.
- Extended scheduled Prince George Pulp Mill maintenance and capital outage, ramp up of Northwood Pulp Mill recovery boiler following unscheduled outage in Q2 / early Q3.



(millions of dollars unless otherwise noted)	Q3 2012	Q2 2012	Variance
Sales	\$ 32.8	\$ 38.2	\$ (5.4)
Operating income before amortization	\$ 5.9	\$ 5.7	\$ 0.2
Operating income	\$ 5.0	\$ 4.8	\$ 0.2
Production - Paper (000 mt)	32	30	2
Shipments - Paper (000 mt)	31	37	(6)

Operating income in line with previous quarter

- 3% improvement in unit sales realizations.
- Shipments down 17% reflecting timing of shipments and drawdown in inventories.
- Unit manufacturing costs down slightly.