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2ND LARGEST GLOBAL PRODUCER OF LUMBER, LARGEST NBSK PRODUCER IN NORTH AMERICA

● Sawmills

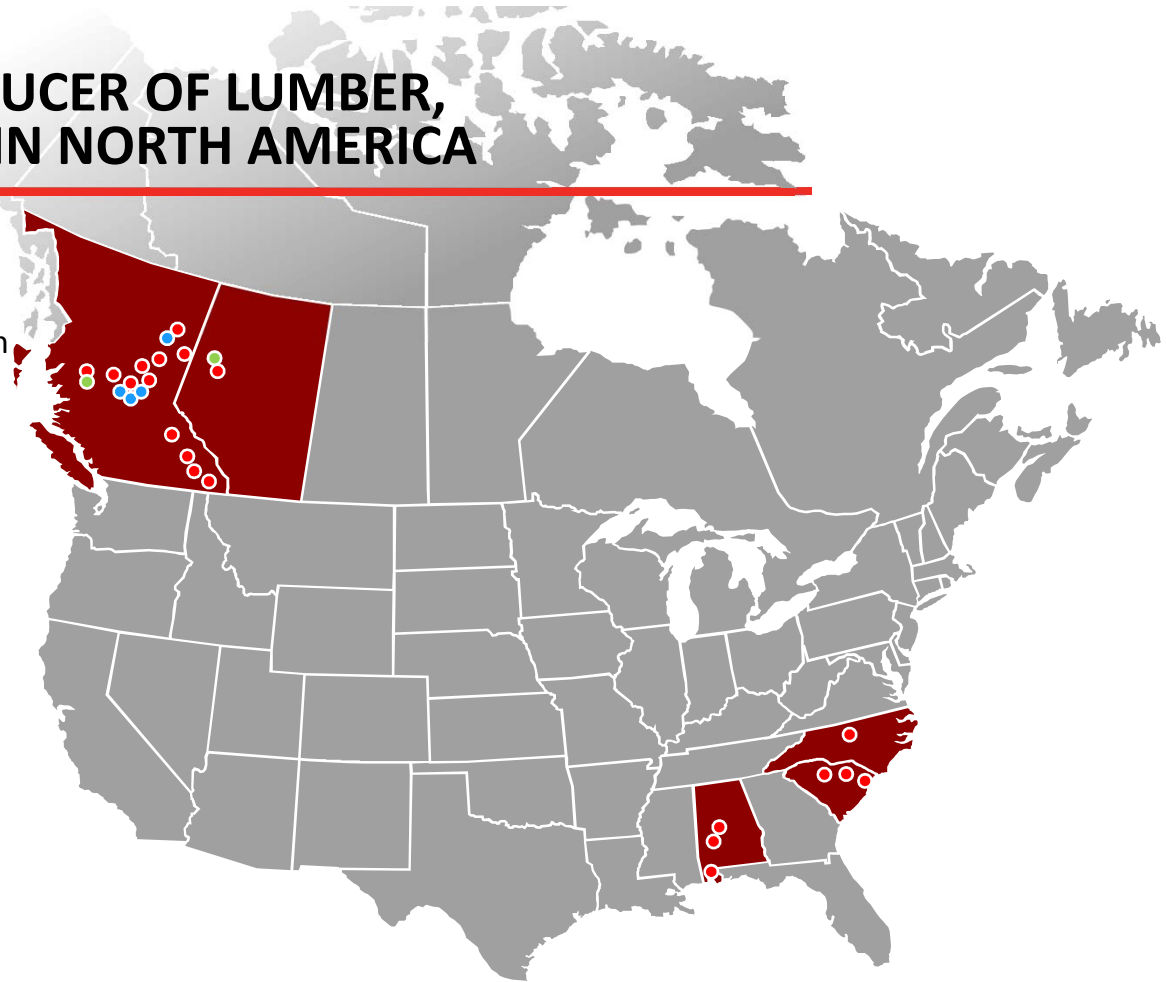
- 12 in BC, 1 in Alberta
- 3 in South Carolina, 1 in North Carolina, 3 in Alabama (phased purchase of Scotch Gulf)
- 1 reman facility in South Carolina
- Capacity: 5.2 billion board feet

● Pulp and paper mills

- 3 NBSK pulp facilities in Prince George
- 1 BCTMP facility near Fort St John
- Capacity: 1.3 billion tonnes pulp; 140,000 tonnes paper

● Green Initiatives

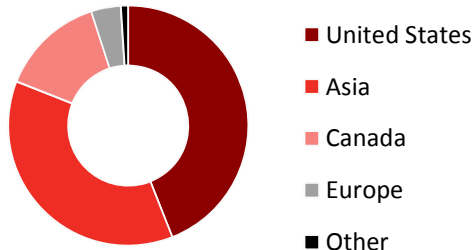
- Energy plant (Alberta)
- Controlling interest in pellet plant (BC)



DIVERSIFIED REGIONS AND CUSTOMERS

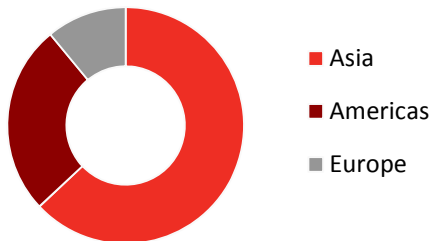
- STRONG FOCUS ON HIGH VALUE & SPECIALTY PRODUCTS

2013 Lumber Sales



Lumber Sales: \$2.2 billion

2013 Pulp Sales



Pulp & Paper Sales: \$1.0 billion



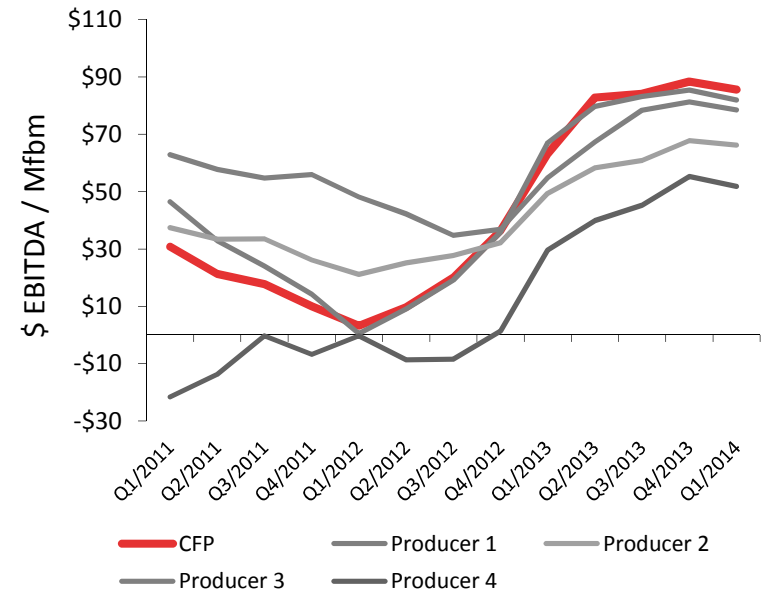
UPM



LUMBER – STRATEGIC CAPITAL, STRONG MARGIN FOCUS, DRIVING TOP QUARTILE PERFORMANCE

- **Invested \$500 million in capital upgrades (2010-2013)**
 - High returning projects (>20% ROI), targeted at operations with excellent fibre availability
 - Timed to fully capitalize on housing market recovery
- **Strategic acquisitions – growing a strong portfolio of assets**
 - Tembec (BC) and Scotch & Gulf (US South), both with strong fibre base, excellent product quality
- **Optimizing top quartile performance at lumber operations**
 - Divested non-core assets, closed fibre-challenged mills
- **Expanded market presence and diversification**
 - Increasing market share & value in Asia
 - New market development (e.g. India)

EBITDA per Mfbm
(rolling four quarter average)

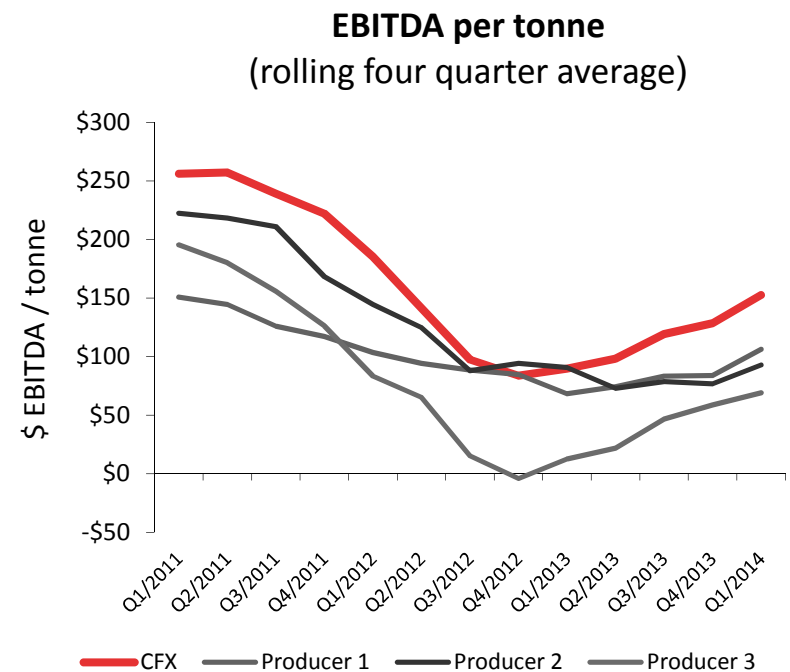


Source: CIBC



PULP – ENERGY FOCUS, OPERATIONAL EXCELLENCE, CEMENTING TOP QUARTILE PERFORMANCE

- **Completed major Green Transformation Fund projects**
 - Over \$350 million invested in various upgrades increasing energy self-sufficiency
 - Capitalizing on increased energy sufficiency / capacity by selling electricity on long-term contracts (to BC Hydro)
- **Consistent top quartile performer**
 - Operational excellence focus
 - Energy optimization
 - Value & Focus (ie. premium pulp / specialty paper)



Source: CIBC



LOOKING AHEAD

- Strong focus on top quartile performance
- Continued organic growth and strategic acquisitions
- Sustainability & diversification – product / geography / value
- Deliver exceptional customer satisfaction



**THERE IS NO SUBSTITUTE
FOR CANFOR**