

CIBC Institutional Investor Conference

January 2017



CANFOR CORPORATION.

**CIBC Institutional Investor
Conference**
January 2017

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Vice President & Treasurer

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, 2015 available at www.canfor.com or www.sedar.com.



Canfor Corporation

CFP

Canfor Corporation (CFP)

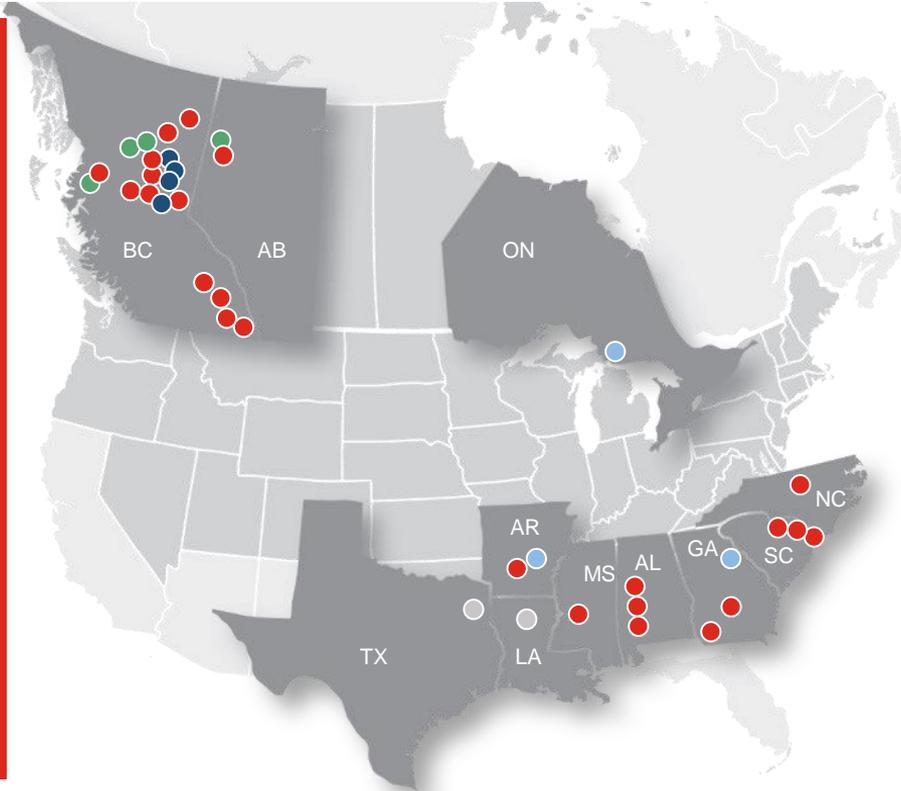


Locations

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

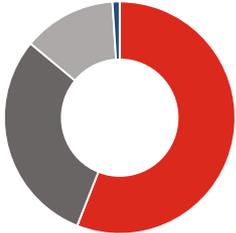
Lumber Capacity:
5.9 billion board feet

Pulp/Paper Capacity:
1.5 million tonnes



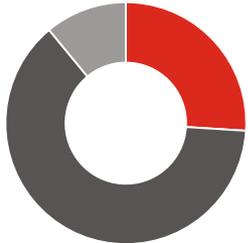
2015 Lumber Sales
\$2.7 Billion

- United States
- Asia
- Canada
- Other



2015 Pulp Sales
\$1.2 Billion

- Americas
- Asia
- Europe



Canfor – Investment Rationale



**High Quality Products
& Customers**



**Excellent, High-Quality
Fibre Supply**



**Well Capitalized
Mills**



**Top Performing
Pulp, Lumber Business**



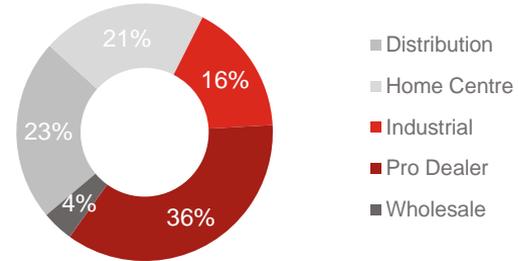
**Strong & Flexible
Balance Sheet**



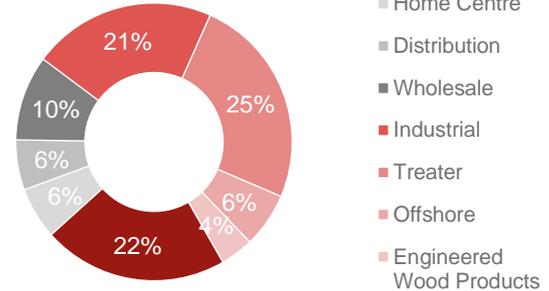
Diversified Customers and Markets



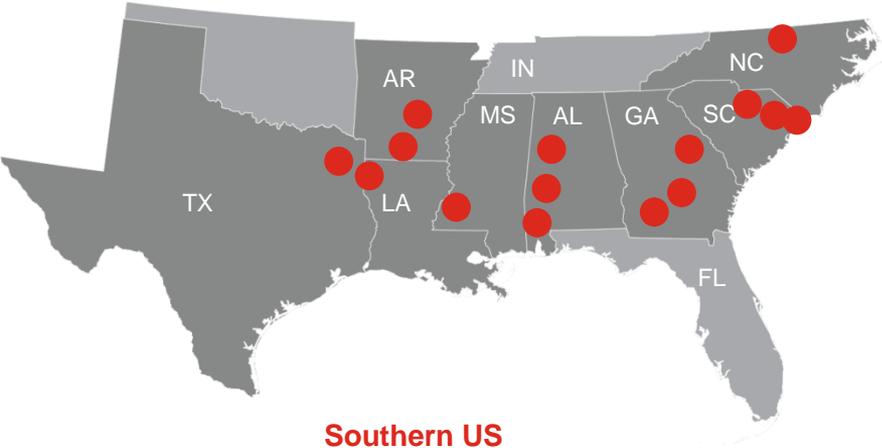
SPF – Product End Use



SYP - Product End Use



Canfor Southern Pine: High-Quality Fibre, Strong Margins

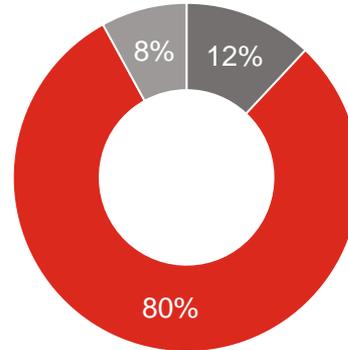


- Total Capacity: approx. 1.6 billion board feet
- Strong fibre supply region, high performing operations
- Significant reinvestment of capital
- Access to both domestic and offshore markets
- Rapid growth in last three years through strategic acquisitions
- Diversified portfolio of prime products including glulam, long lengths and premium grades

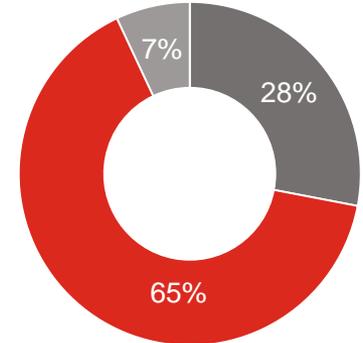
Production Mix

■ US South ■ British Columbia ■ Alberta

2013



Pro-forma



Significant Strategic Capital 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



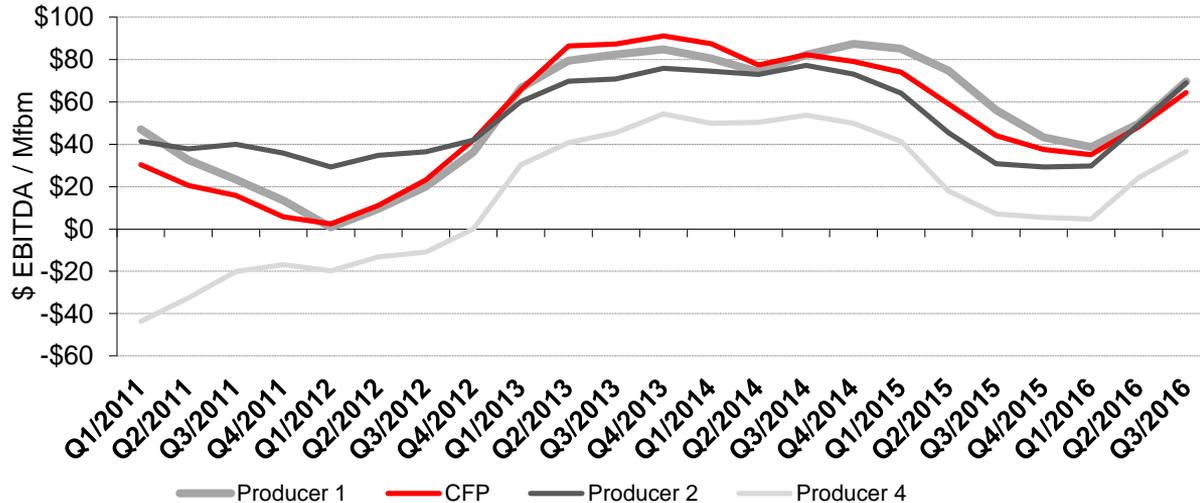
Grade Optimization



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)
- **Top quartile financial performance in all regions**
 - Strong margin focus and quality fibre base in all regions
 - Recent acquisitions making strong contribution to US South business



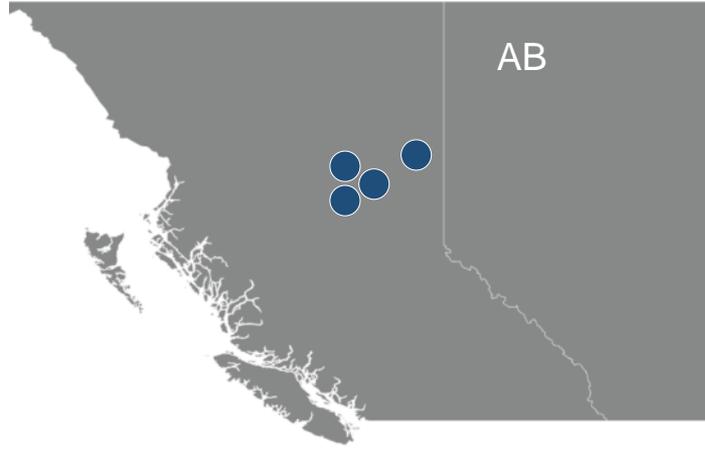
Canfor Pulp Products Inc.

CFX

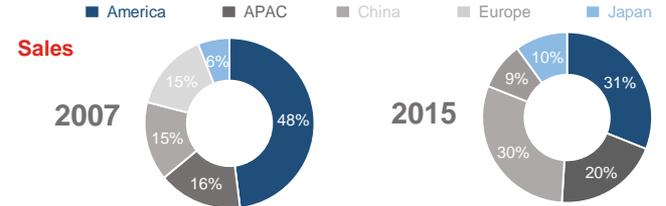
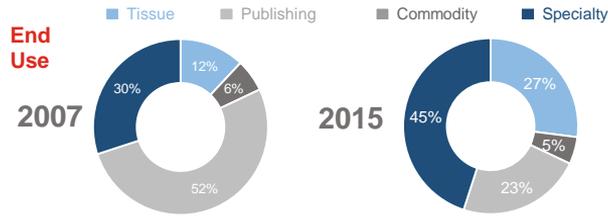
Locations

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

Canada



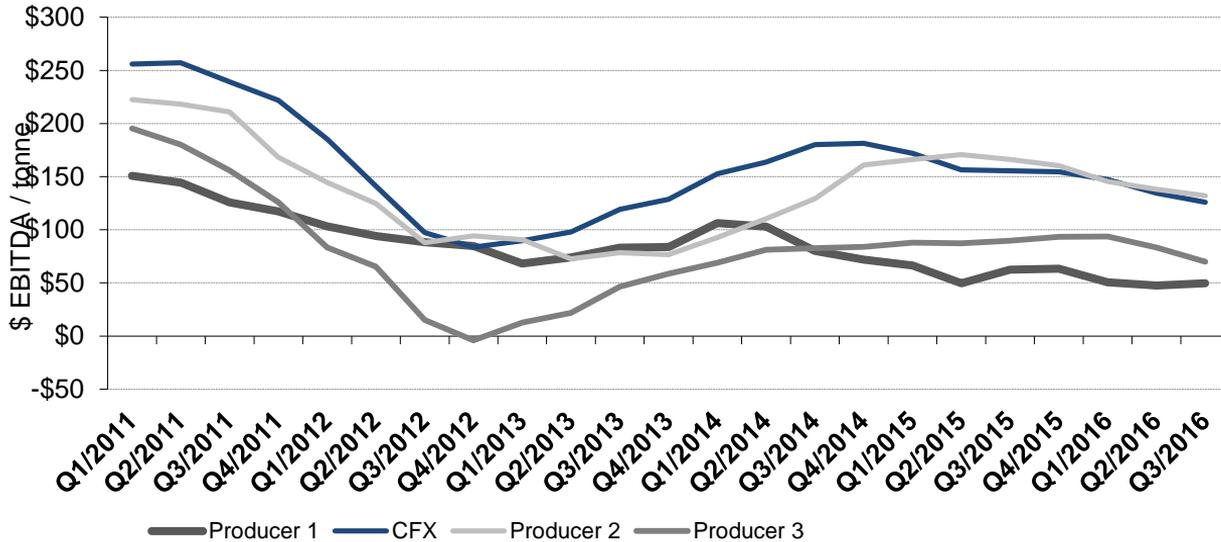
1.2 million tonnes of high quality premium reinforcing pulp and paper



Continued Top Quartile EBITDA Performance



EBITDA per admt pulp (rolling four quarter average)



Reinforcing top quartile performance:

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

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