

Canfor Corporation and Canfor Pulp Products Inc.
Quarter 4, 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)	Q4 2012		Q3 2012	
	\$	\$/Share	\$	\$/Share
Net income attributable to equity shareholders of the Company	\$ 21.6	\$ 0.15	\$ 22.2	\$ 0.16
Non-operating / unusual items (after-tax, net of non-controlling interests)				
Foreign exchange (gain) loss on long-term debt and investments, net	\$ 1.2	\$ 0.01	\$ (4.0)	\$ (0.03)
(Gain) loss on derivative financial instruments	\$ 6.5	\$ 0.05	\$ (4.4)	\$ (0.03)
Asset impairment charges	\$ 0.6	\$ -	\$ -	\$ -
Net gain on post retirement and pension plan amendments	\$ (7.1)	\$ (0.05)	\$ -	\$ -
Restructuring charges for management changes	\$ -	\$ -	\$ 1.5	\$ 0.01
Net impact of above items	\$ 1.2	\$ 0.01	\$ (6.9)	\$ (0.05)
Shareholder net income, as adjusted	\$ 22.8	\$ 0.16	\$ 15.3	\$ 0.11

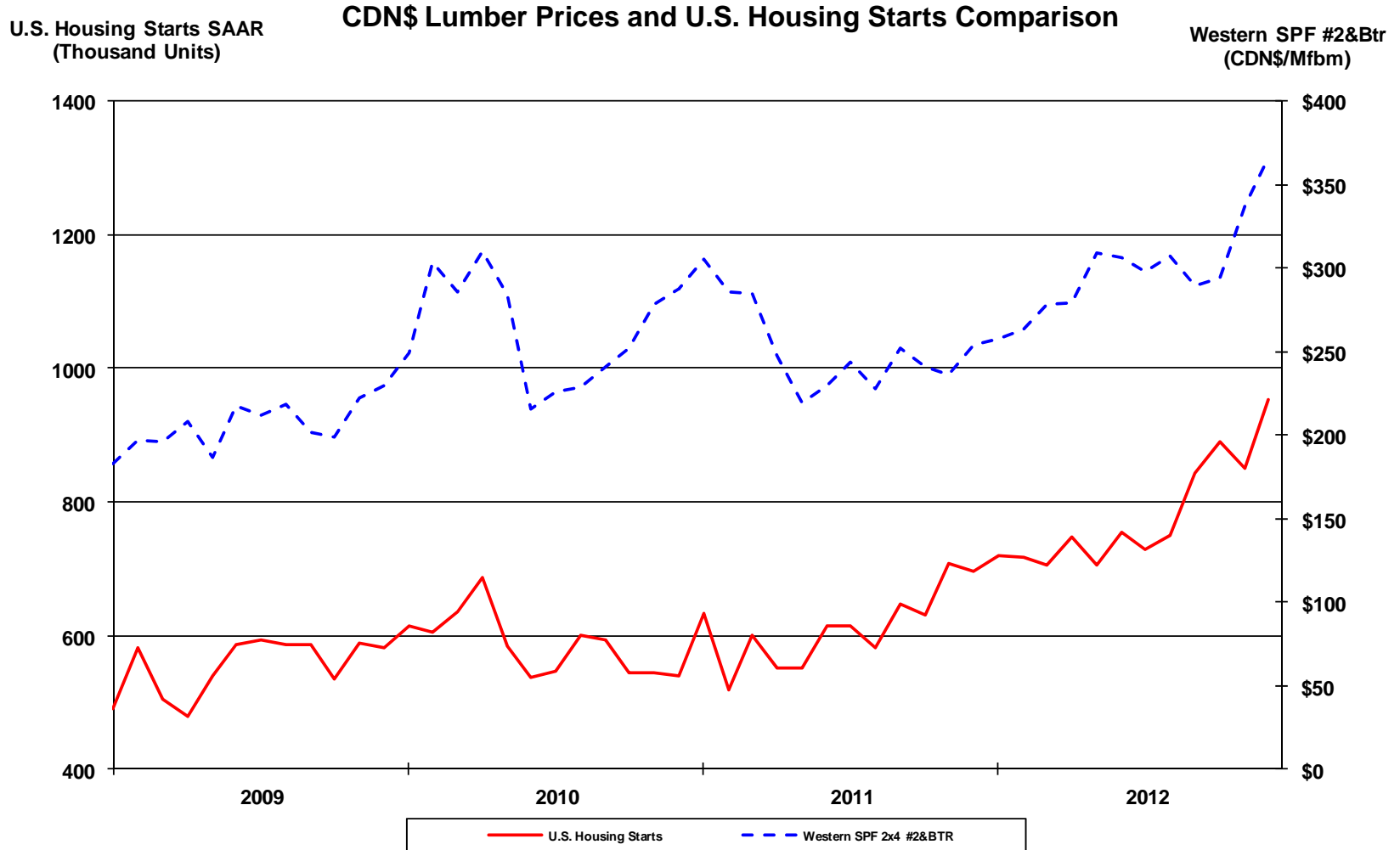
Canfor Corporation
Sales and Operating Earnings Summary



(millions of dollars unless otherwise noted)	Q4 2012	Q3 2012	Variance
Gross Sales	\$ 721.8	\$ 683.8	\$ 38.0
Operating income (loss) by segment:			
Lumber	\$ 41.7	\$ 34.9	\$ 6.8
Pulp & Paper	\$ 10.8	\$ (7.2)	\$ 18.0
Unallocated and other	\$ (2.4)	\$ (5.4)	\$ 3.0
Total operating income, as reported	\$ 50.1	\$ 22.3	\$ 27.8
Included in above:			
Positive impact of inventory valuation adjustments	\$ (0.4)	\$ -	\$ (0.4)
Operating income excluding inventory valuation adjustments	\$ 49.7	\$ 22.3	\$ 27.4
Average exchange rate (US\$ per C\$1.00)	\$ 1.009	\$ 1.005	\$ 0.004
End of Period Exchange Rate (US\$ per C\$1.00)	\$ 1.005	\$ 1.017	\$ (0.012)

Operating income (loss) before amortization by segment:			
Lumber	\$ 68.3	\$ 60.4	\$ 7.9
Pulp & Paper	\$ 31.3	\$ 8.5	\$ 22.8
Unallocated and other	\$ 0.9	\$ (0.9)	\$ 1.8
Total operating income excluding amortization	\$ 100.5	\$ 68.0	\$ 32.5

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.



(millions of dollars unless otherwise noted)	Q4 2012	Q3 2012	Variance
Sales	\$ 469.9	\$ 454.7	\$ 15.2
Operating income	\$ 41.7	\$ 34.9	\$ 6.8
Positive impact of inventory valuation adjustments	\$ (0.4)	\$ -	\$ (0.4)
Operating income excl. impact of inventory valuation adjustments ("Adjusted operating income")	\$ 41.3	\$ 34.9	\$ 6.4
Adjusted operating income excluding amortization	\$ 67.9	\$ 60.4	\$ 7.5
Average SPF 2x4 #2&Btr price in CDN\$	\$ 332	\$ 299	\$ 33
Average SYP 2x4 #2 lumber price in US\$	\$ 386	\$ 322	\$ 64
Production - SPF lumber (MMfbm)	986	974	12
Production - SYP lumber (MMfbm)	122	119	3
Shipments - Canfor-produced SPF lumber (MMfbm)	1,008	997	11
Shipments - Canfor-produced SYP lumber (MMfbm)	134	128	6

Operating earnings improved \$6.4 million to \$41.3 million (before inventory valuation adjustments)

- North America: Strong pricing gains across all dimension products in latter part of Q4; more modest price increases for low grade, seasonally weaker machine-stress rated (MSR) and stud prices
- Offshore: Solid price increases, but lagging North American prices due to monthly / quarterly negotiated prices; new record-high China prices
- Total unit manufacturing costs up, for most part reflecting market stumpage, higher hauling costs, restart of Radium sawmill and seasonal cost increases
- Q4 results included \$5.6 million accounting net gain related to post retirement and pension plan amendments



	Q4 2012	Q3 2012	Variance
(millions of dollars unless otherwise noted)			
Sales	\$ 228.4	\$ 206.3	\$ 22.1
Operating income (loss)	\$ 10.8	\$ (7.2)	\$ 18.0
Operating income before amortization	\$ 31.3	\$ 8.5	\$ 22.8
Average NBSK pulp list price delivered to U.S. - US\$	\$ 863	\$ 853	\$ 10
Average NBSK pulp list price delivered to U.S. - CDN\$	\$ 855	\$ 849	\$ 6
Production - Pulp (000 mt)	314	277	37
Shipments - Pulp (000 mt)	298	269	29

Canfor Pulp Products Inc. Sales and Operating Earnings Summary



(millions of dollars unless otherwise noted)	Q4 2012	Q3 2012	Variance
Gross Sales	\$ 201.9	\$ 177.7	\$ 24.2
Operating income (loss) by segment:			
Pulp	\$ 6.8	\$ (8.4)	\$ 15.2
Paper	\$ 6.9	\$ 5.0	\$ 1.9
Unallocated	\$ (2.8)	\$ (4.8)	\$ 2.0
Total operating income (loss), as reported	\$ 10.9	\$ (8.2)	\$ 19.1
Included in above:			
Gain on post retirement plan amendments	\$ (4.0)	\$ -	\$ (4.0)
Costs associated with new five year collective labour agreements	\$ -	\$ 3.2	\$ (3.2)
Integration related restructuring charges	\$ -	\$ 1.7	\$ (1.7)
Total operating income excluding one-time adjustments	\$ 6.9	\$ (3.3)	\$ 10.2
Net income (loss)	\$ 4.7	\$ (4.6)	\$ 9.3
Average exchange rate (US\$ per C\$1.00)	\$ 1.009	\$ 1.005	\$ 0.004
End of Period Exchange Rate (US\$ per C\$1.00)	\$ 1.005	\$ 1.017	\$ (0.012)

Operating income (loss) before amortization by segment:			
Pulp	\$ 25.8	\$ 5.9	\$ 19.9
Paper	\$ 7.9	\$ 5.9	\$ 2.0
Unallocated	\$ (2.8)	\$ (4.8)	\$ 2.0
Total operating income before amortization	\$ 30.9	\$ 7.0	\$ 23.9



(millions of dollars unless otherwise noted)	Q4 2012	Q3 2012	Variance
Sales	\$ 168.2	\$ 144.8	\$ 23.4
Operating income before amortization	\$ 25.8	\$ 5.9	\$ 19.9
Operating income (loss)	\$ 6.8	\$ (8.4)	\$ 15.2
Average NBSK pulp list price delivered to U.S. - US\$	\$ 863	\$ 853	\$ 10
Average NBSK pulp list price delivered to U.S. - CDN\$	\$ 855	\$ 849	\$ 6
Production - Pulp (000 mt)	261	221	40
Shipments - Pulp (000 mt)	247	214	33

Operating income up \$15.2 million to \$6.8 million from operating loss of \$8.4 million for previous quarter

- Modest improvement in NBSK list prices, with increases of US\$10 to US\$30 per tonne in all regions
- Average list price for North America up US\$10 per tonne.
 - Pulp sales realizations up marginally, with increased volumes to lower-margin regions mostly offsetting higher list prices
- Shipments up 33,000 tonnes reflecting higher production
- Lower unit manufacturing costs reflecting increased operating days, higher operating rates following challenges in Q3 and, to lesser extent, lower fibre costs
- One-time costs in Q4 comprising \$3.3 million accounting gain related to post retirement plan adjustments while Q3 included \$3.2 million paid upon ratification of new five year collective labour agreements



(millions of dollars unless otherwise noted)	Q4 2012	Q3 2012	Variance
Sales	\$ 33.7	\$ 32.8	\$ 0.9
Operating income before amortization	\$ 7.9	\$ 5.9	\$ 2.0
Operating income	\$ 6.9	\$ 5.0	\$ 1.9
Production - Paper (000 mt)	35	32	3
Shipments - Paper (000 mt)	32	31	1

Operating income up \$1.9 million to \$6.9 million.

- Unit sales realizations down 2%.
- Shipments up 1,500 tonnes reflecting higher production levels.
- Unit manufacturing costs down 7% due to lower costs for slush pulp and higher production volumes.