

Canfor Corporation and Canfor Pulp Products Inc.
Quarter 1, 2015
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, 2014 and Management's Discussion & Analysis for the three ended March 31, 2015.

Canfor Corporation
 Q1 2015 Review: Items Impacting Earnings Comparability



(millions of dollars, except for per share amounts)	Q1 2015		Q4 2014	
	\$	\$/Share	\$	\$/Share
Shareholder net income, as reported	\$ 29.3	\$ 0.22	\$ 29.9	\$ 0.22
Non-operating / unusual items (after-tax, net of non-controlling interests)				
Mark-to-market loss on derivative financial instruments	\$ 16.4	\$ 0.12	\$ 5.2	\$ 0.04
Shareholder net income, as adjusted	\$ 45.7	\$ 0.34	\$ 35.1	\$ 0.26

Canfor Corporation Sales and Operating Earnings Summary



(millions of dollars unless otherwise noted)	Q1 2015	Q4 2014	Variance
Gross Sales	\$ 930.0	\$ 860.4	\$ 69.6
Operating income (loss) by segment:			
Lumber	\$ 48.3	\$ 40.6	\$ 7.7
Pulp and Paper	\$ 43.0	\$ 29.4	\$ 13.6
Unallocated and Other	\$ (7.6)	\$ (8.0)	\$ 0.4
Total operating income, as reported	\$ 83.7	\$ 62.0	\$ 21.7
Average exchange rate (US\$ per C\$1.00)	\$ 0.806	\$ 0.881	\$ (0.075)

Operating income (loss) before amortization			
Lumber	\$ 80.5	\$ 70.6	\$ 9.9
Pulp and Paper	\$ 58.9	\$ 45.0	\$ 13.9
Unallocated and Other	\$ (6.4)	\$ (6.7)	\$ 0.3
Total operating income before amortization	\$ 133.0	\$ 108.9	\$ 24.1

Canfor Corporation
Lumber: Q1 2015 vs. Q4 2014



(millions of dollars unless otherwise noted)	Q1 2015	Q4 2014	Variance
Sales	\$ 647.0	\$ 564.4	\$ 82.6
Operating income before amortization ¹	\$ 80.5	\$ 70.6	\$ 9.9
Operating income	\$ 48.3	\$ 40.6	\$ 7.7
Average SPF 2x4 #2&Btr lumber price in CDN\$	\$ 382	\$ 386	\$ (4)
Average SYP 2x4 #2 lumber price in US\$	\$ 413	\$ 427	\$ (14)
Production - SPF lumber (MMfbm) ²	966	905	61
Production - SYP lumber (MMfbm) ²	235	137	98
Shipments - Canfor-produced SPF lumber (MMfbm)	931	938	(7)
Shipments - Canfor-produced SYP lumber (MMfbm)	236	151	85

Operating earnings up \$7.7 million to \$48.3 million

- Total lumber shipments up 7% - WSPF shipments largely unchanged with US West Coast Port Strike, Chinese Lunar New Year and North America planned inventory build offsetting higher production; SYP shipments up reflecting consolidation of Scotch Gulf and Beadles & Balfour and higher production
- Sales realizations up moderately compared to Q4
 - Impact of 8 cent or 9% weaker Canadian dollar and higher-value sales mix partly offset by Western SPF #2&Btr price decrease of US\$32/Mfbm (9%), less pronounced declines in lower grade products
 - SYP 2x4 #2 price down US\$14/Mfbm, or 3%, from Q4
- Total lumber production up 15% compared to Q4, largely reflecting consolidation of Scotch Gulf and Beadles & Balfour as well as improved WSPF productivity and more operating hours due to Q4 statutory holidays
- Unit manufacturing costs up slightly from Q4 - lower WSPF cash conversion costs (reflecting increased productivity) largely offsetting increased log costs (higher stumpage net of lower fuel prices); SYP unit manufacturing costs reflecting severe winter weather in Eastern North America which disrupted log deliveries and lumber production

Note 1 - Controlling operating income before amortization (excluding Canfor's non-controlling interest in Scotch Gulf, Beadles & Balfour and Houston Pellet LP) for Q1 2015 was \$75.9 million.

Note 2 - Production in Q4 2014 has been restated from sawmill production to finished lumber production.

Canfor Pulp Products Inc.
Q1 2015 Review: Items Impacting Earnings Comparability



(millions of dollars, except for per share amounts)	Q1 2015		Q4 2014	
	\$	\$/Share	\$	\$/Share
Net income, as reported	\$ 28.0	\$ 0.40	\$ 20.7	\$ 0.29
Non-operating / unusual items (after-tax)				
Mark-to-market loss on derivative financial instruments	\$ 5.3	\$ 0.07	\$ 0.6	\$ 0.01
Net income, as adjusted	\$ 33.3	\$ 0.47	\$ 21.3	\$ 0.30

Canfor Pulp Products Inc. Sales and Operating Earnings Summary



(millions of dollars unless otherwise noted)	Q1 2015	Q4 2014	Variance
Gross Sales	\$ 273.8	\$ 264.0	\$ 9.8
Operating income (loss) by segment:			
Pulp	\$ 36.3	\$ 23.7	\$ 12.6
Paper	\$ 7.9	\$ 7.2	\$ 0.7
Unallocated	\$ (2.8)	\$ (2.9)	\$ 0.1
Total operating income	\$ 41.4	\$ 28.0	\$ 13.4
Net income, as reported	\$ 28.0	\$ 20.7	\$ 7.3
Operating income (loss) before amortization by segment:			
Pulp	\$ 51.1	\$ 38.0	\$ 13.1
Paper	\$ 8.8	\$ 8.0	\$ 0.8
Unallocated	\$ (2.8)	\$ (2.8)	\$ -
Total operating income before amortization	\$ 57.1	\$ 43.2	\$ 13.9
Average NBSK pulp list price delivered to U.S. - US\$	\$ 995	\$ 1,025	\$ (30)
Average NBSK pulp list price delivered to U.S. - CDN\$	\$ 1,235	\$ 1,164	\$ 71
Production - Pulp (000 mt) ¹	288	241	47
Shipments - Pulp (000 mt) ¹	272	259	13

Pulp operating income up \$12.6 million to \$36.3 million

- Pulp shipments up 5% reflecting contribution of Taylor Pulp Mill and increased NBSK pulp shipments to North America offset by reduced shipments to Asia in part due to Chinese Lunar New Year
- Pulp sales realizations up modestly vs. Q4 reflecting the favourable impact of 9% weaker Canadian dollar and increased shipments to higher margin regions, more than offsetting lower US\$ list prices to all regions
- Unit manufacturing costs down moderately due to improved production (up 19% reflecting Taylor Pulp Mill and Northwood scheduled outage in Q4) and lower maintenance costs related primarily to the scheduled outage in previous quarter

Paper operating income up \$0.7 million to \$7.9 million

- Paper shipments down 10% due to lower demand from North America; Moderate increase in unit sales realizations largely reflecting weaker Canadian dollar
- Unit manufacturing costs higher in Q1 reflecting higher slush pulp costs and seasonally higher energy, partly offset by timing of maintenance spend

Note 1 - Pulp production and shipment volumes in Q1 2015 include BCTMP volumes subsequent to CPPI's purchase of the Taylor BCTMP Mill on January 30, 2015.