



BMO Capital Markets
November 2015

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 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, 2013 available at www.canfor.com or www.sedar.com.



CANFOR CORPORATION (CFP)

OUR FACILITIES

● Sawmills

- 11 in BC, 1 in Alberta, 10 in US Southeast
- Capacity: 5.6 billion board feet

Anthony Forest Products (acquired Oct 30, 2015)

- - 1 sawmill, 2 glulam mills, 50% I-joist plant
- Capacity: 225 million board feet & 54 lineal feet (I-joist)

Pulp and paper mills

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

Green Energy

- - 1 plant in Alberta
- 3 pellet plants in BC

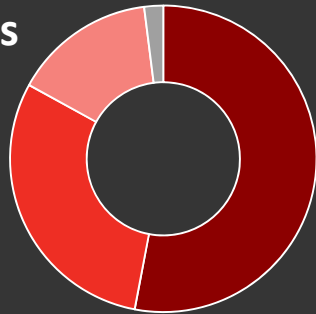


DIVERSIFIED CUSTOMERS AND MARKETS

STRONG FOCUS ON HIGH-VALUE AND SPECIALTY PRODUCTS

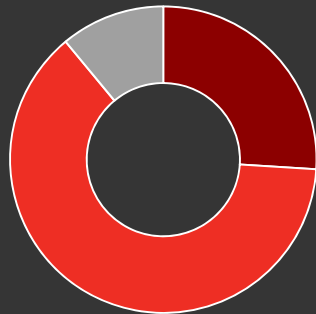
2014 Lumber Sales \$2.2 Billion

- United States
- Asia
- Canada
- Other



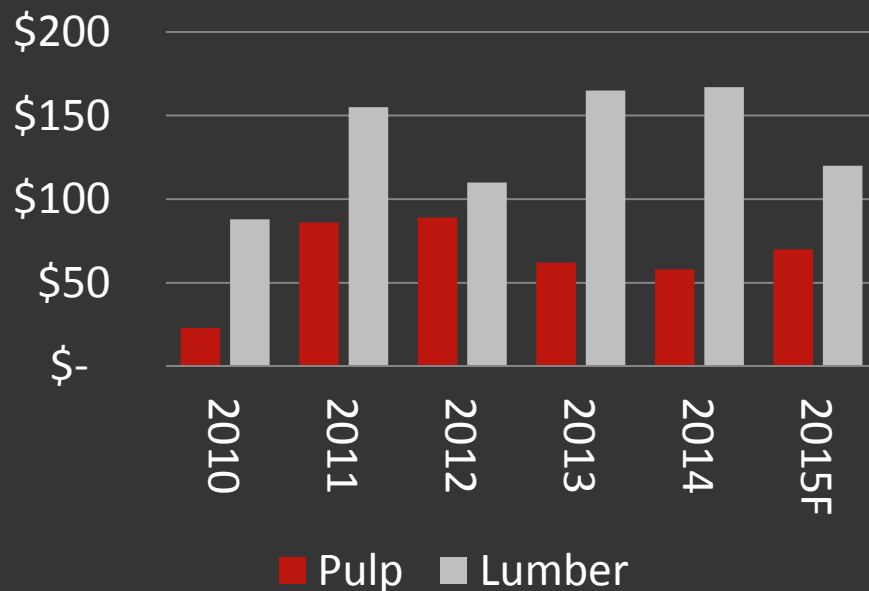
2014 Pulp Sales \$1.1 Billion

- Americas
- Asia
- Europe



SIGNIFICANT STRATEGIC CAPITAL UPGRADES

Capital Spending

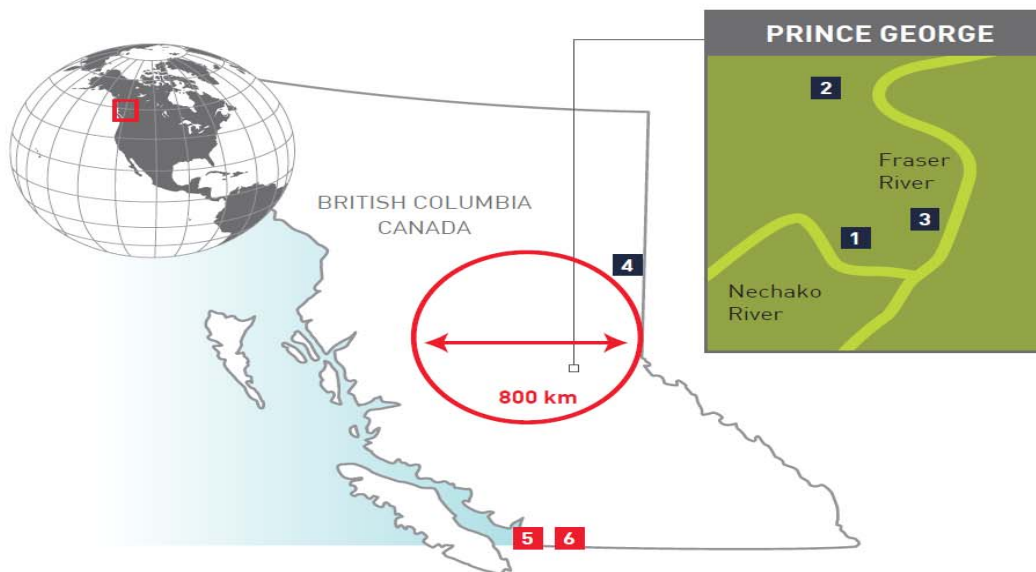


- Since 2010 the Canfor lumber business has invested more than \$700 million on capital upgrades in regions and operations with excellent fibre base:
 - Planer upgrades
 - Energy systems
 - Productivity improvements
 - Grade optimization
- Additional \$300 million spent on acquiring US south operating sawmills
- Canfor Pulp has invested over \$250 million related to boiler upgrades, productivity improvements and energy generation capacity.



CANFOR PULP PRODUCTS INC. (CFX)

PULP OPERATIONS



Mills		Capacity	Key Products
1	Intercontinental	330,000	Pulp
2	Northwood	615,000	Pulp
3	Prince George	150,000	Pulp
3	Prince George	140,000	Kraft Paper
4	Taylor	220,000	BCTMP Pulp

Other	
5	Canfor Pulp Ltd./ Canfor Pulp Products Inc. Head Office
6	Canfor Pulp Innovation

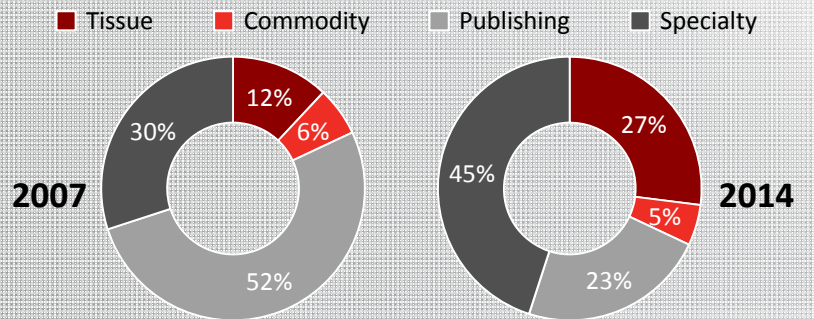


FOCUS ON PREMIUM GRADES SUPPORTING TOP QUARTILE PERFORMANCE

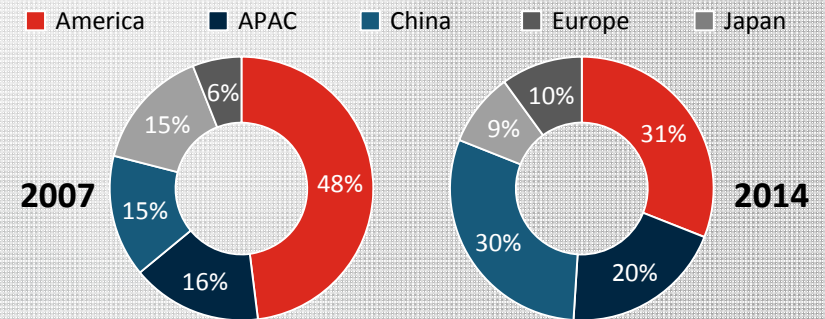
- Targeting customers that need reinforcing pulp
 - Specialty
 - Branded top quality lightweight tissue
 - Publication grades
 - > Magazines / Catalogues
 - > Reduce commodity P&W
 - Décor, Masking tape base, Abrasive backing, Labels
 - Tissue

- A balanced and diversified regional mix
 - Rebalance growth in China and the reduction in North American business

End Use

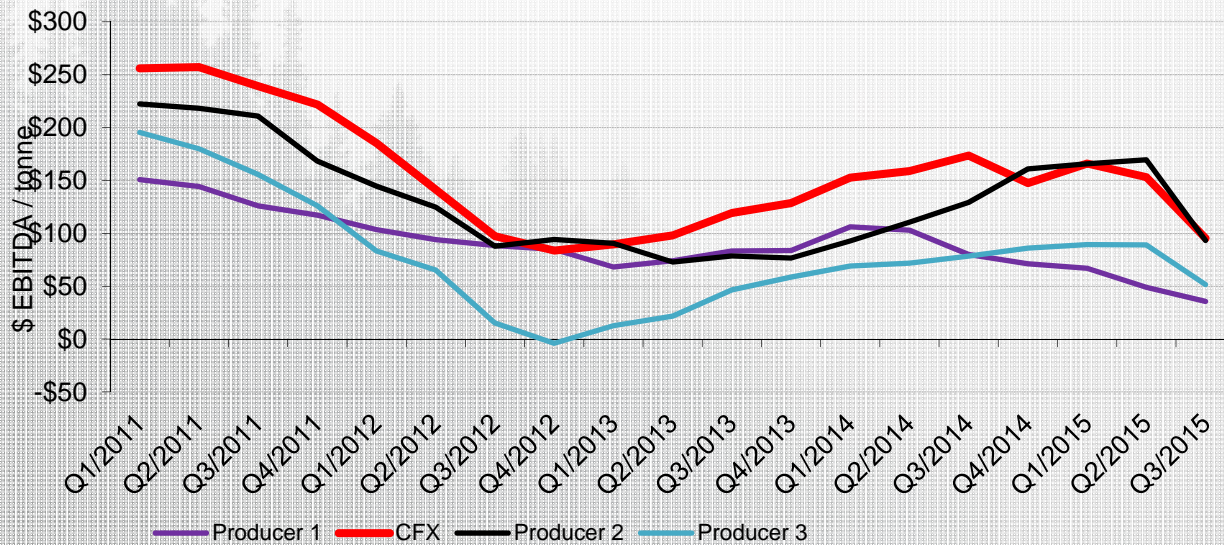


Sales



PULP - SUSTAINED EBITDA PERFORMANCE AGAINST PEERS

Pulp EBITDA per admt (rolling four quarter average)



Reinforcing top quartile performance:

- Increased energy generating capacity
- Ongoing operational excellence focus
- Enhancing offerings of premium pulp and specialty paper
- Over \$250 million of capital investment since 2010



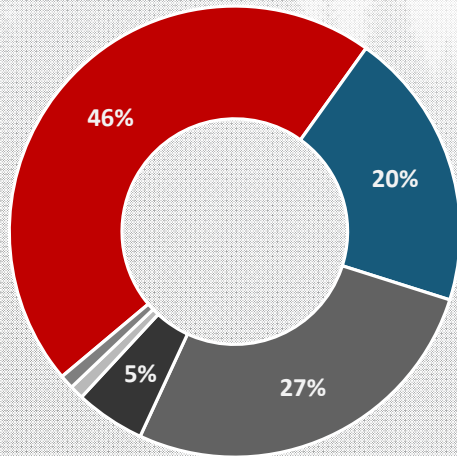
LUMBER MARKETS

CANFOR SALES BY GEOGRAPHY

2015 PROFORMA

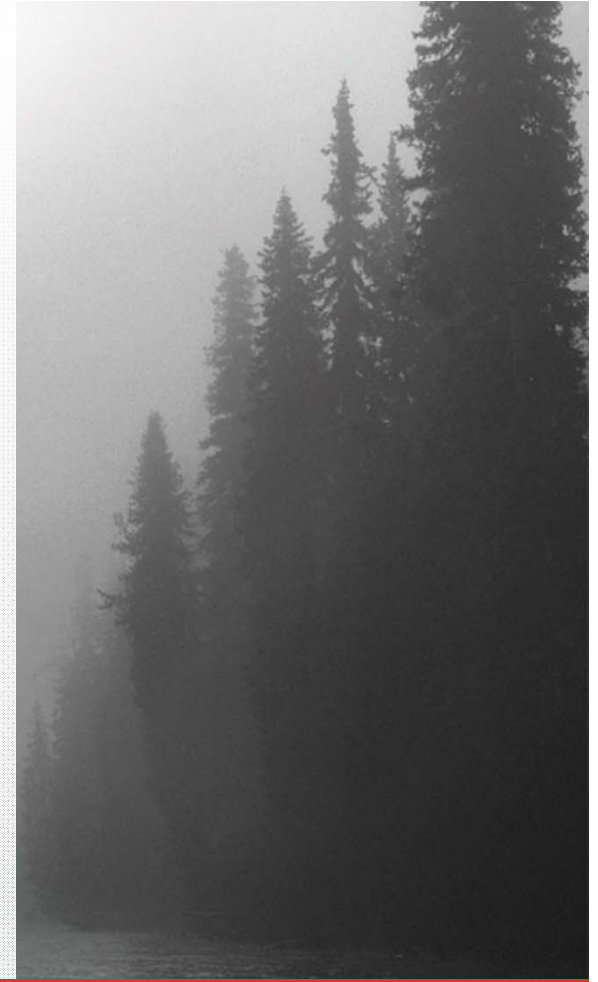
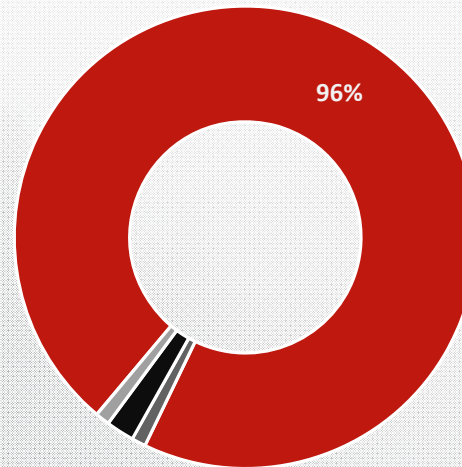
SPF (4.0 Bfbm)

■ USA ■ Canada ■ China ■ Japan ■ Korea ■ Other



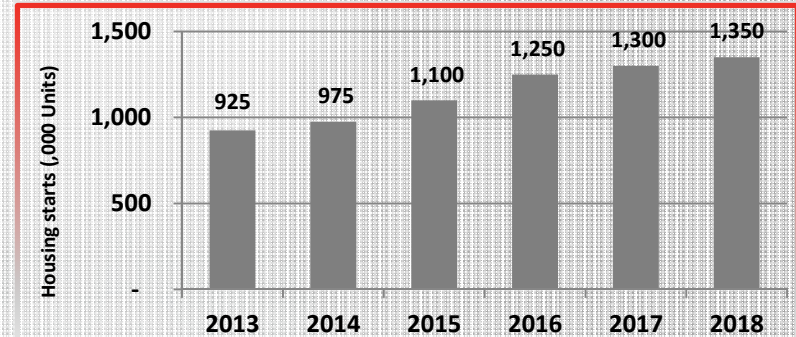
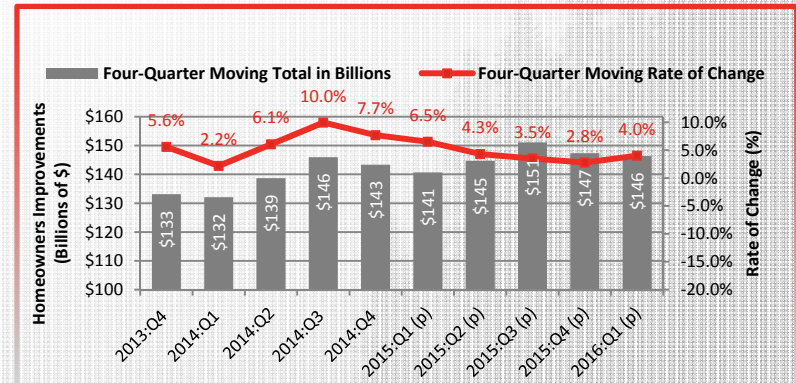
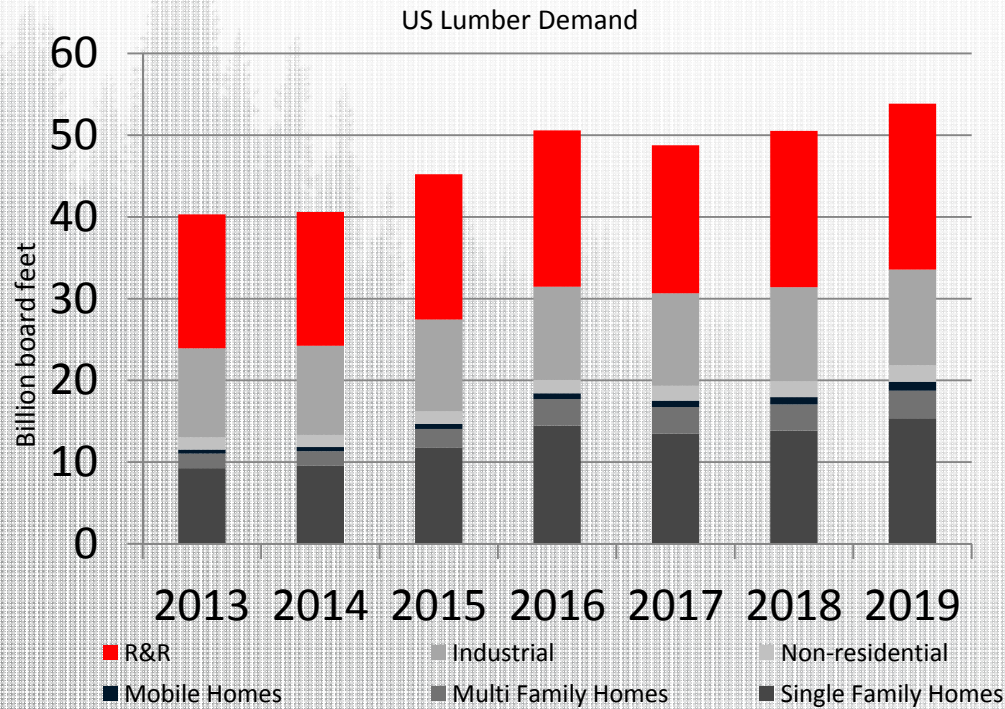
SYP (1.1 Bfbm)

■ USA ■ China ■ India ■ Other

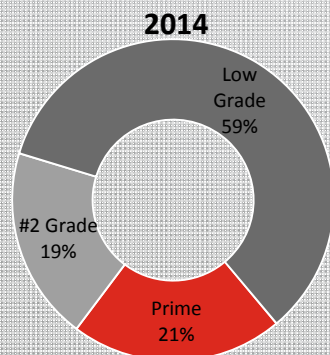
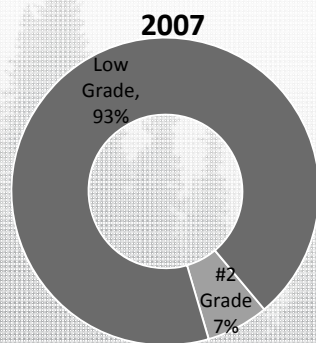


US LUMBER DEMAND

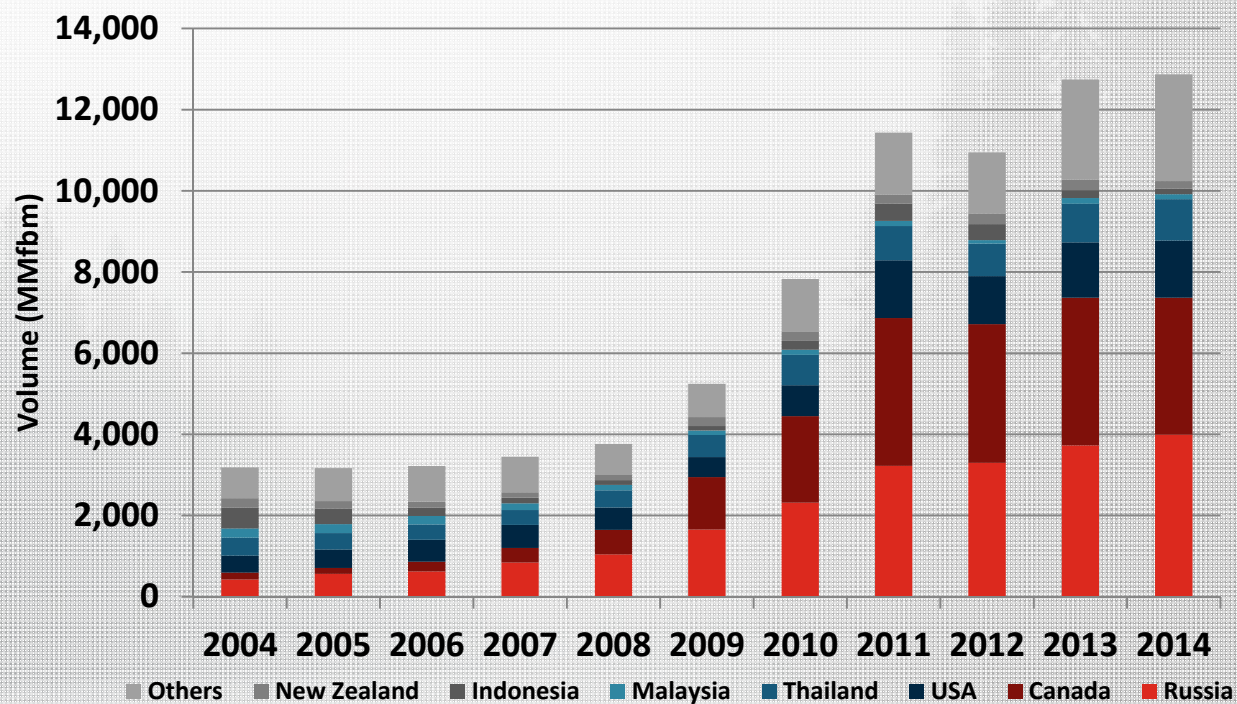
HOUSING STARTS NOT THE ONLY MARKET TO WATCH



CHINA IMPORTS OF LUMBER (MMfbm)



Source: China Customs



CHINA WOOD USE – MOVING UP IN VALUE, AND INCREASED DIVERSITY OF END USE APPLICATIONS



● Concrete Forming



● Furring Strips



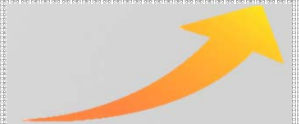
● Door Core



● Wood Frame Construction

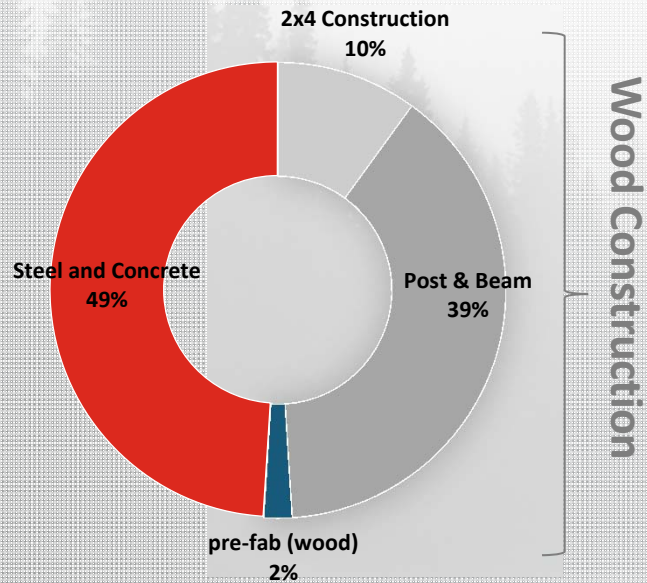


● Furniture

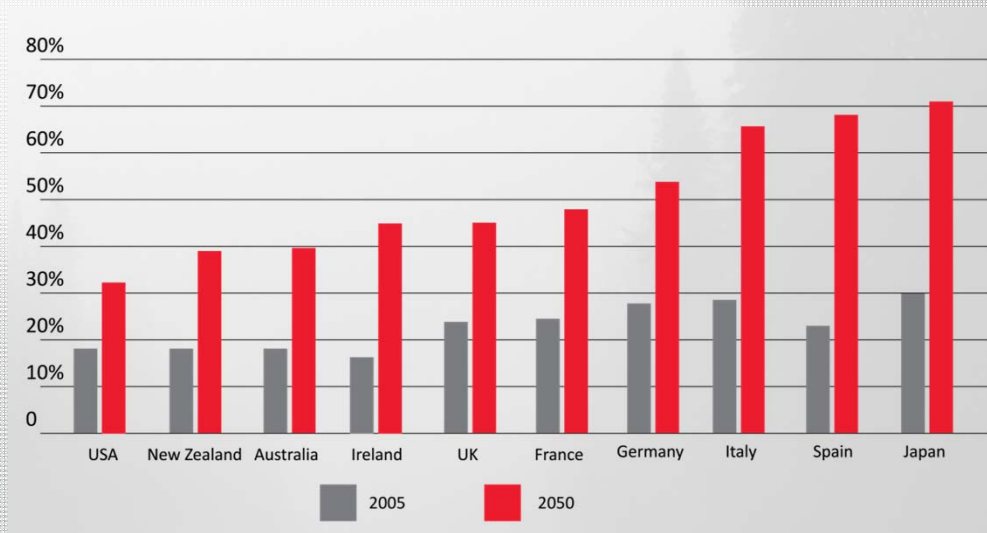


JAPANESE HOUSING MARKET

Average Housing Start = 986,000 units per year



Percentage of Age 65 and Older

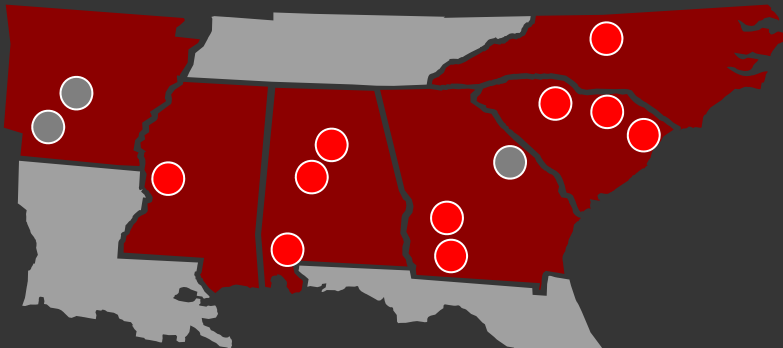


INDIA – NEXT EMERGING LUMBER MARKET

- GDP growth rate at 7.4% - close to be on par with China
- Demographic – India's growing middle class ~270 million with 25% in urban areas and growing, creating the largest consumer market in the world.
- Election of Modi government – A game changer with focus on economic liberalization and transparent government regime
- The cumulative volume of wood deficit between 2013 - 2030 estimated to be approximately 50 million m³
- Short supply of hardwood is opening up softwood market demand
- Wood consumption growth ~15-20% per year with a growing demand in green and sustainable building design



US SOUTH EXPANSION

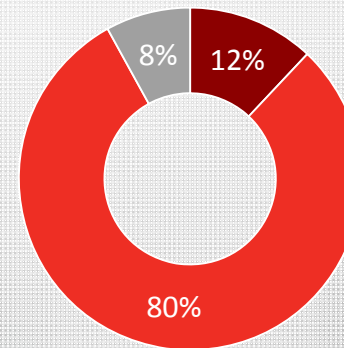


- Total Capacity: approx. 1.6 billion board feet
- Strong fibre supply region, high performing operations
- Significant reinvestment of capital
- Access to domestic and offshore markets

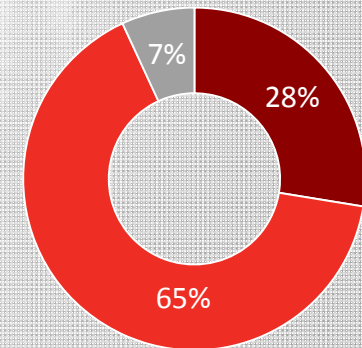
PRODUCTION MIX

■ US South ■ British Columbia ■ Alberta

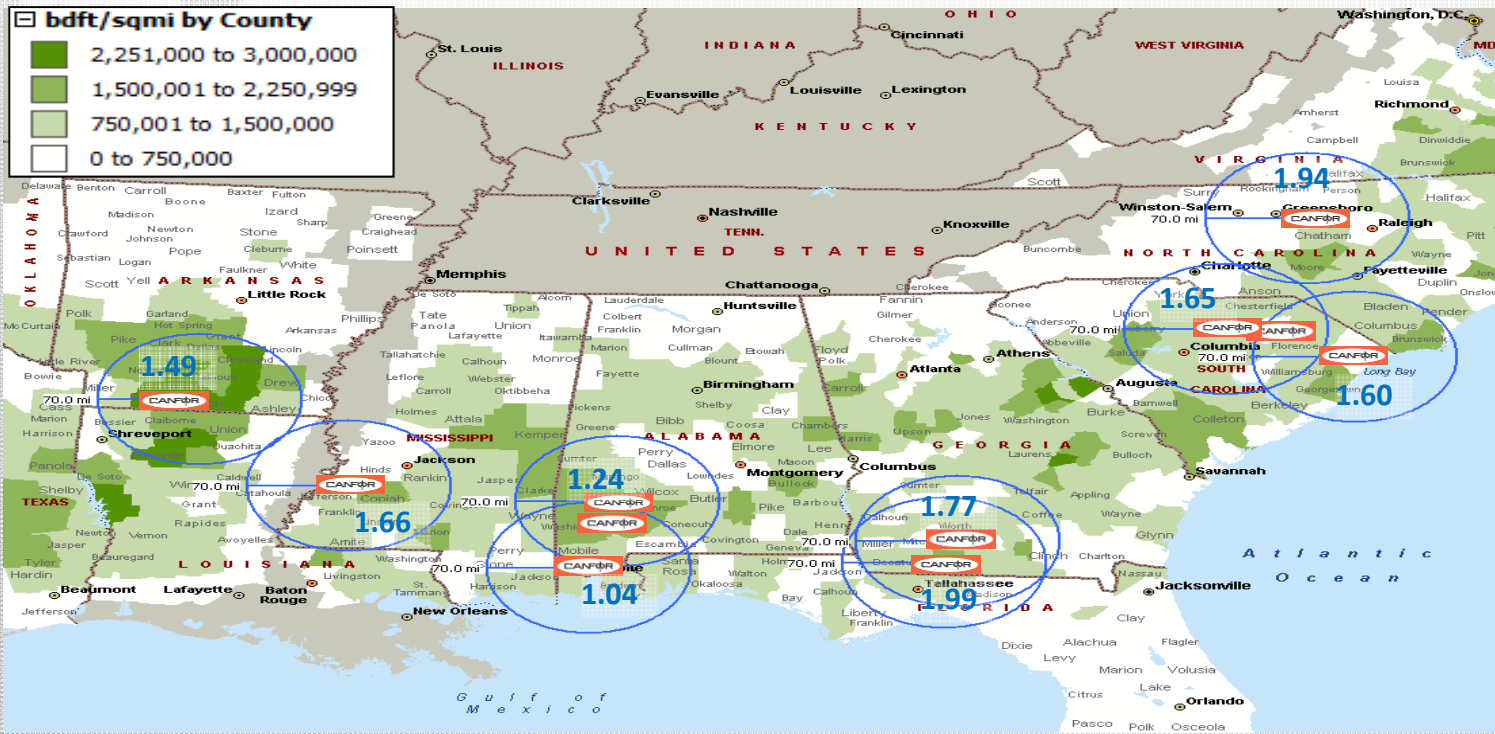
Current



Pro-forma (post-acquisition)



Southern Yellow Pine Sawtimber Resource

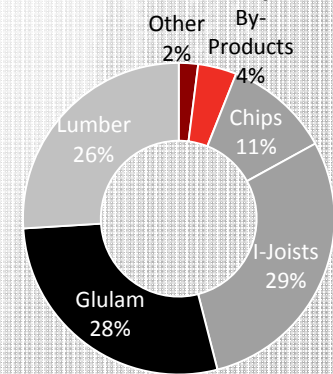


- 2010-2014 FIA Data (Private Land, SYP 10"+ DBH) based on 70 mi. Radius of mill location
- Growth/Removal Ratio = Volume of growth / Volume of removals

ANTHONY FOREST PRODUCTS

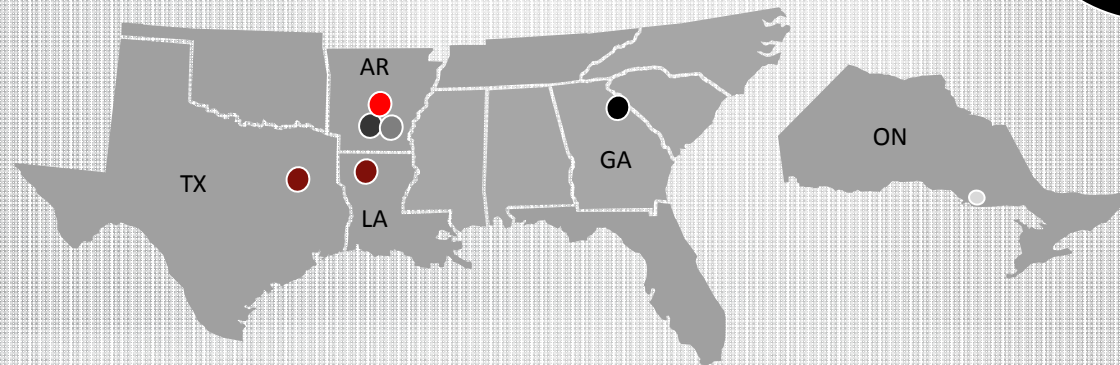
- AFP owns and operates six highly efficient facilities producing lumber and engineered wood products for the building industry and wood chips for the paper and MDF industries.
- –The Company’s sawmill in Urbana, Arkansas produces premium southern yellow pine lumber at a current rate of 130 MMBF per year with ramp up drying capacity of 150 MMBF per year.
- –This lumber is both sold to end customers as well as used internally to produce beams, columns and other “glulam” products at AFP’s laminating plants in El Dorado, Arkansas and Washington, Georgia.
- –AFP also owns and manages a 50/50 joint venture with Eacom Timber Corporation which produces solid sawn I-joists at a facility in Sault Ste. Marie, Ontario.
- –The Company’s chip mills in Plain Dealing, Louisiana and Troup, Texas can produce up to 800,000 tons of pine and hardwood chips annually.

YTD FY2015 Revenue by Product

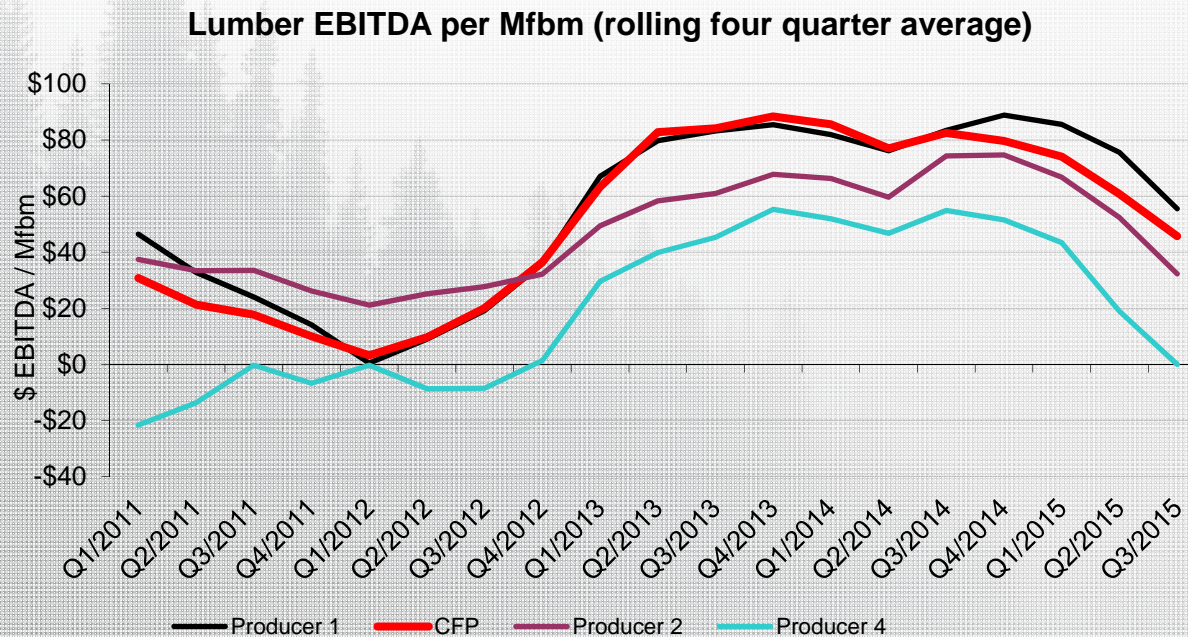


Anthony Operations

- Chip Mill
- Central Office
- Laminating Plant
- I Joist Plant
- Sawmill



LUMBER - SIGNIFICANT EBITDA IMPROVEMENTS: TOP QUARTILE PERFORMANCE



- **Optimizing top quartile performance at lumber operations**
 - Divested non-core assets, closed fibre-challenged mills, reinvested in Canadian and US South mills with strong fibre and product characteristics
- **Expanded market presence and diversification**
 - Building further value / volume in China and Japan
 - Pioneering into new markets (e.g. India)
- **Regional performance reflect strong results in all regions**
 - Strong margin focus and quality fibre base in all regions

IN CLOSING – STRONG OUTLOOK @ CANFOR

- Lumber and Pulp businesses performing at top quartile margins
- Very strong balance sheet, supported by high quality Board
- Future growth largely through US South expansion
- Significant integration benefits between pulp and lumber and across the US south
- Growing demand + flat supply = stronger margins





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