

Quarter 1, 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 Annual Report for the year ended December 31, 2011.

## Q1 2012 Review: Items Impacting Earnings Comparability



(millions of dollars, except for per share amounts)	Q1 2012		Q4 2011	
	\$	\$/Share	\$	\$/Share
Net income (loss) , as reported	\$ (10.9)		\$ (38.1)	
Less: Non-controlling interests	\$ 5.3		\$ 6.0	
Net income (loss) attributable to equity shareholders of the Company	\$ (16.2)	\$ (0.11)	\$ (44.1)	\$ (0.31)
Non-operating / unusual items (after-tax, net of non-controlling interests)				
Foreign exchange gain on long-term debt and investments, net	\$ (2.7)	\$ (0.02)	\$ (3.3)	\$ (0.02)
Gain on derivative financial instruments	\$ (5.1)	\$ (0.04)	\$ (6.7)	\$ (0.05)
Increase in fair value of asset-backed commercial paper	\$ (1.1)	\$ (0.01)	\$ (0.5)	\$ -
Costs recorded in relation to Tembec acquisition	\$ 2.8	\$ 0.02	\$ -	\$ -
Mill closure provisions	\$ -	\$ -	\$ 17.0	\$ 0.12
Asset impairment charges	\$ -	\$ -	\$ 5.5	\$ 0.04
Net impact of above items	\$ (6.1)	\$ (0.05)	\$ 12.0	\$ 0.09
Shareholder net income (loss), as adjusted	\$ (22.3)	\$ (0.16)	\$ (32.1)	\$ (0.22)

## Sales and EBITDA Summary

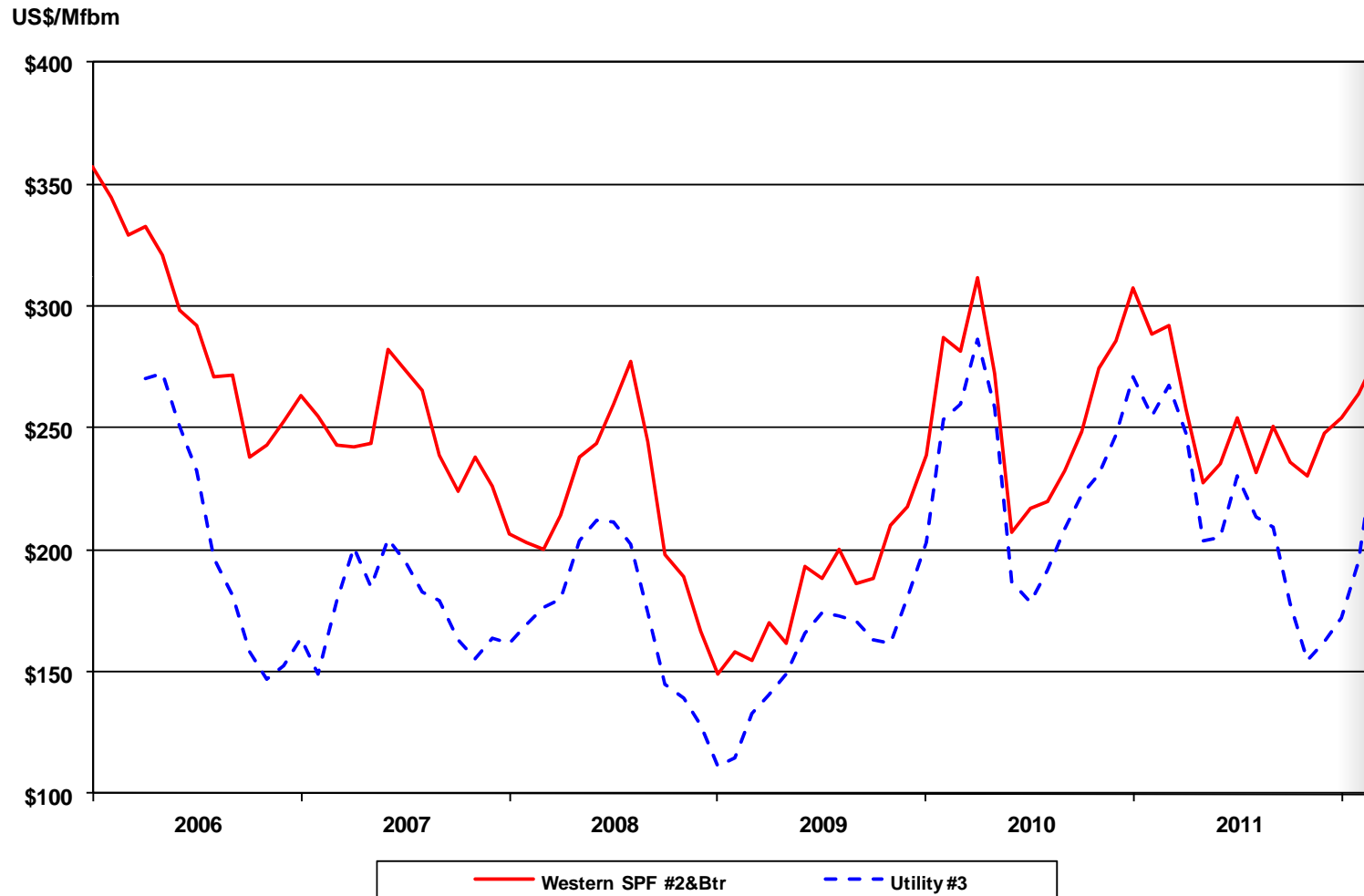


(millions of dollars unless otherwise noted)	Q1 2012	Q4 2011	Variance
Gross Sales	\$ 607.6	\$ 576.2	\$ 31.4
EBITDA by segment:			
Lumber	\$ 3.1	\$ (34.3)	\$ 37.4
Pulp & Paper	\$ 29.0	\$ 39.9	\$ (10.9)
Unallocated and other	\$ (8.5)	\$ (21.1)	\$ 12.6
<b>Total EBITDA, as reported</b>	<b>\$ 23.6</b>	<b>\$ (15.5)</b>	<b>\$ 39.1</b>
Included in above:			
Negative (positive) impact of inventory valuation adjustments	\$ (8.5)	\$ 10.9	\$ (19.4)
Costs related to Tembec acquisition	\$ 3.8	\$ -	\$ 3.8
Mill closure provisions	\$ -	\$ 22.5	\$ (22.5)
Asset impairment charges	\$ -	\$ 9.2	\$ (9.2)
<b>EBITDA excluding inventory valuation adjustments and unusual items</b>	<b>\$ 18.9</b>	<b>\$ 27.1</b>	<b>\$ (8.2)</b>
Average exchange rate (US\$ per C\$1.00)	\$ 0.999	\$ 0.977	\$ 0.022
End of Period Exchange Rate (US\$ per C\$1.00)	\$ 1.001	\$ 0.983	\$ 0.018

# Western SPF 2x4 #2&Btr and Utility #3 Lumber Price Comparison



## Western SPF 2x4 #2&Btr and Utility #3 Lumber Price Comparison



Source: Random Lengths Publications, Inc.

## Lumber: Q1 2012 vs. Q4 2011



(millions of dollars unless otherwise noted)	Q1 2012	Q4 2011	Variance
Sales	\$ 343.7	\$ 325.9	\$ 17.8
Operating income (loss)	\$ (20.1)	\$ (55.8)	\$ 35.7
EBITDA, as reported	\$ 3.1	\$ (34.3)	\$ 37.4
Negative (positive) impact of inventory valuation adjustments	\$ (10.2)	\$ 9.7	\$ (19.9)
Costs related to Tembec acquisition	\$ 2.5	\$ -	\$ 2.5
Mill closure provisions	\$ -	\$ 11.9	\$ (11.9)
Asset impairment charges	\$ -	\$ 7.2	\$ (7.2)
EBITDA excluding impact of inventory valuation adjustments and unusual items	\$ (4.6)	\$ (5.5)	\$ 0.9
Average SPF 2x4 #2&Btr price in CDN\$	\$ 266	\$ 244	\$ 22
Average SYP 2x4 #2 lumber price in US\$	\$ 298	\$ 260	\$ 38
Production - SPF lumber (MMfbm)	904	761	143
Production - SYP lumber (MMfbm)	114	106	8
Shipments - Canfor-produced SPF lumber (MMfbm)	852	834	18
Shipments - Canfor-produced SYP lumber (MMfbm)	118	113	5

### EBITDA up \$0.9 million to negative \$4.6 million (before inventory valuation adjustments and unusual items)

- Overall lumber sales realizations largely unchanged.
  - Increase in North American prices offset by lower offshore sales realizations, especially for low grade products.
- Production up 17% - productivity improvements and prior quarter Christmas downtime.
- Lower unit conversion costs, reflecting higher production levels, and lower unit log costs after unseasonably mild weather in Q4.

## Pulp & Paper: Q1 2012 vs. Q4 2011



(millions of dollars unless otherwise noted)	Q1 2012	Q4 2011	Variance
Sales	\$ 249.4	\$ 237.0	\$ 12.4
Operating income	\$ 11.3	\$ 18.2	\$ (6.9)
EBITDA	\$ 29.0	\$ 39.9	\$ (10.9)
Average NBSK pulp list price delivered to U.S. - US\$	\$ 870	\$ 920	\$ (50)
Average NBSK pulp list price delivered to U.S. - CDN\$	\$ 871	\$ 942	\$ (71)
Production - Pulp (000 mt)	316	295	21
Shipments - Pulp (000 mt)	328	275	53

### EBITDA down \$10.9 million to \$29.0 million

- Average NBSK pulp price for U.S. delivery down 5% to US\$870/tonne, reflecting softening global demand.
  - Prices bottomed out during Q1, after 6 months of decline.
- Higher production and shipments reflecting Q4 downtime at CPLP's Northwood pulp mill for capital upgrade.
- Significant reduction in sawmill residual chip prices, linked to lower NBSK sales realizations.