

# Canfor Corporation



**Wayne Guthrie**

Senior Vice President, Wood Products Sales & Marketing

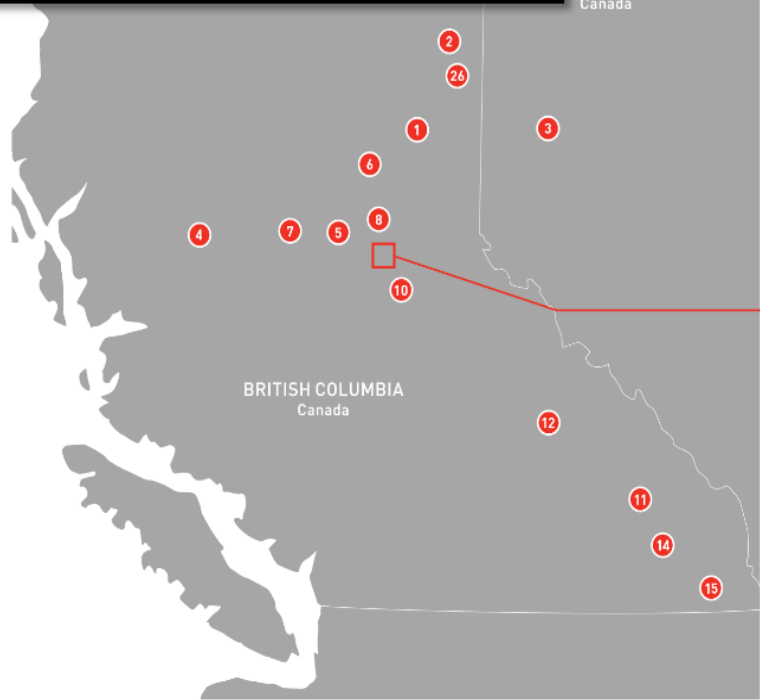
Raymond James Investor Day – November 8, 2013

# Canfor's Operations



## WESTERN CANADA

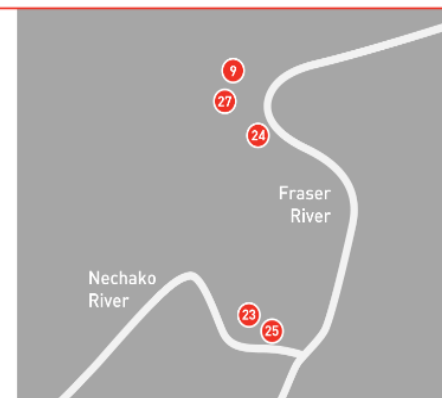
SAWMILLS		PULP & PAPER	
Chetwynd . . . . . 1	Prince George . . . . . 9	Camden, SC . . . . . 17	Intercontinental <sup>(1)</sup> . . . . . 23
Fort St John . . . . . 2	Quesnel . . . . . 10	Conway, SC . . . . . 18	Northwood <sup>(1)</sup> . . . . . 24
Grande Prairie . . . . . 3	Radium . . . . . 11	Darlington, SC . . . . . 19	Prince George <sup>(1)</sup> . . . . . 25
Houston . . . . . 4	Vavenby . . . . . 12	Mobile, AL . . . . . 20	Taylor . . . . . 26
Isle Pierre . . . . . 5	Daaquam . . . . . 13	Fulton, AL . . . . . 21	
Mackenzie . . . . . 6	Canal Flats . . . . . 14	Jackson, AL . . . . . 22	OTHER
Plateau . . . . . 7	Elko . . . . . 15		J.D. Little Forest Centre . . 27
Polar . . . . . 8	Graham, NC . . . . . 16		Marion, SC . . . . . 28



## EAST COAST



## PRINCE GEORGE



- 22 sawmills located across North America
- 4 pulp mills including 1 paper mill
- Fibre base supports our customer focused strategy
- Well located mills in regions minimally impacted by mountain pine beetle

# Global Demand For All Lumber Grades

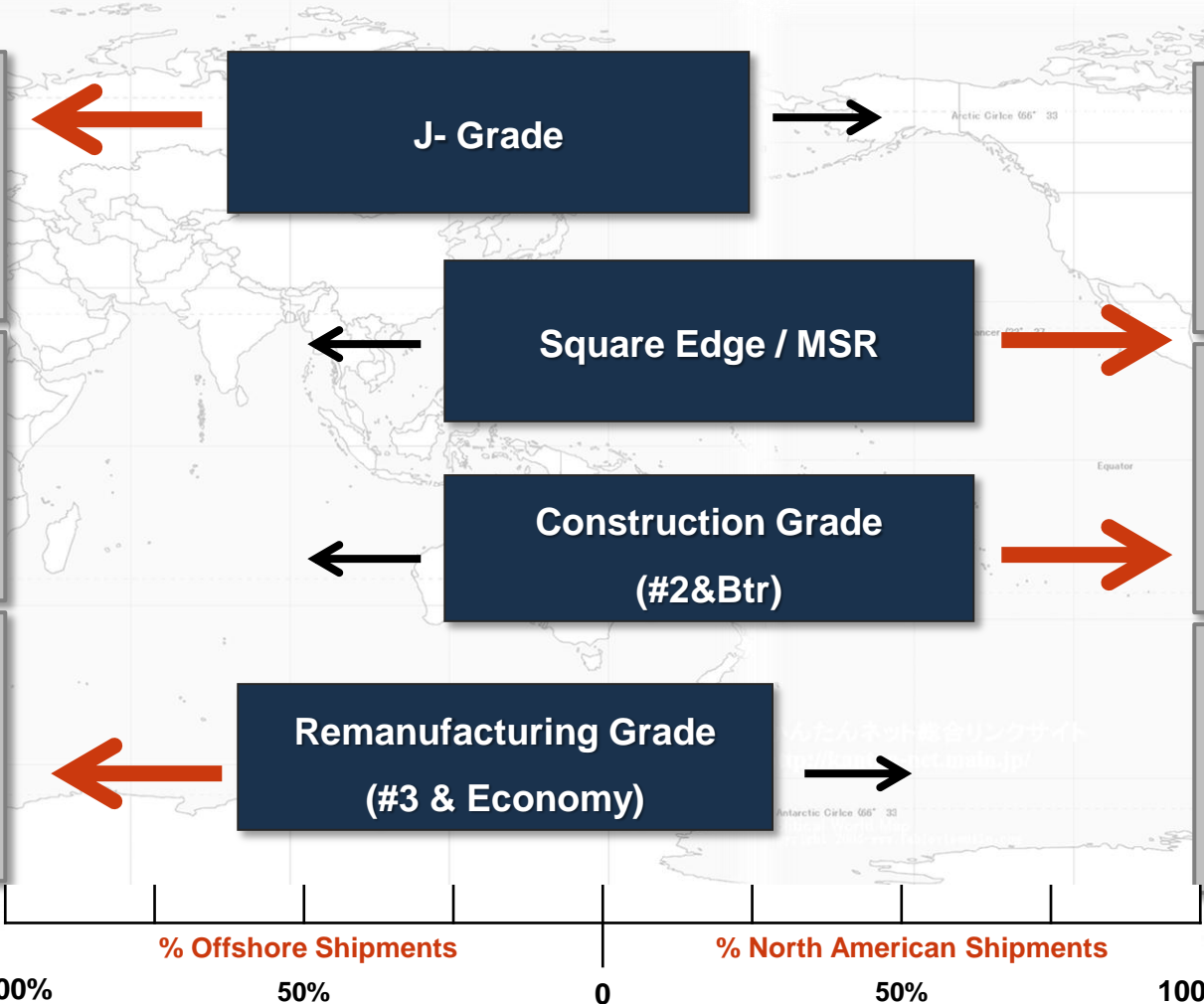


## Offshore Markets

- J-Grade**
  - Japan
  - China
- Square Edge**
  - Korea
  - Japan
  - China
- #2 & Better**
  - China
- #3 & Economy**
  - China
  - India
  - Middle East
  - Other Emerging Markets

## North America

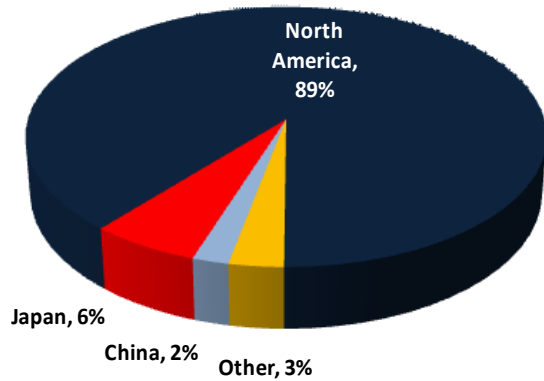
- Square Edge**
  - US
  - Canada
- MSR**
  - US
  - Canada
- #2 & Better**
  - US
  - Canada
- #3 & Economy**
  - US
  - Canada



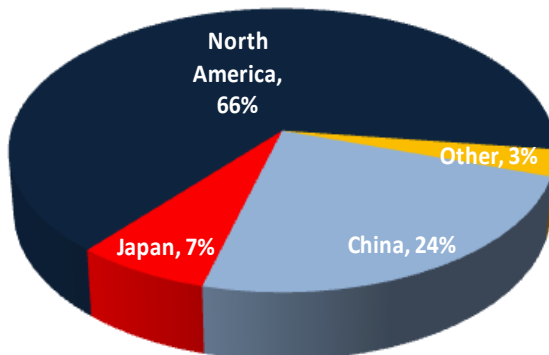
# SPF Global Market Diversification



**2007 Sales Volumes**  
4.5 Billion fbm



**2013 Projected Sales Volumes**  
4.1 Billion fbm



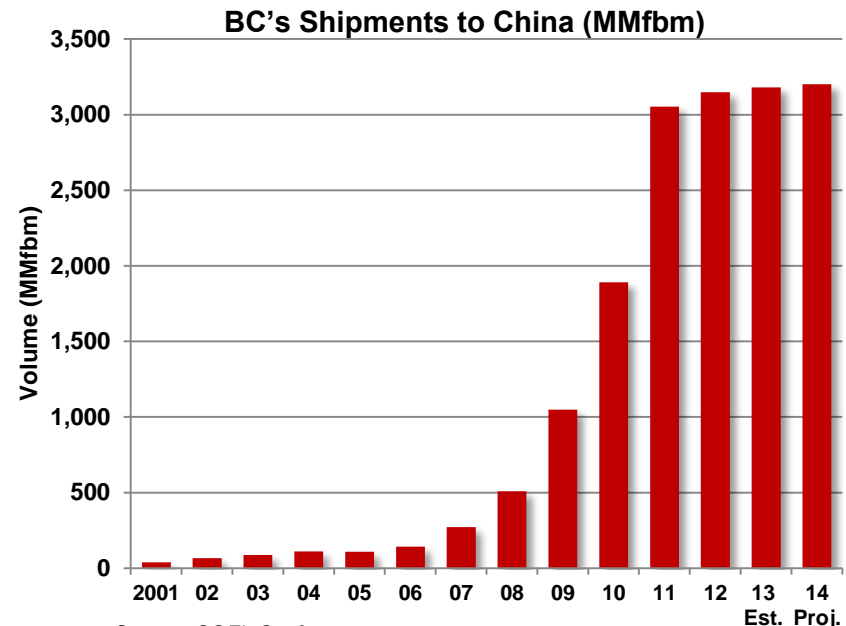


# China

# China - A Major Consumer of SPF Lumber



- China has grown from obscurity into BC lumber producers' largest offshore market
- Huge demand for affordable housing
  - More than 200 million people moved from rural to urban areas in last decade
- Expanded wood use to include higher grade lumber
- China has an acute domestic fibre shortage

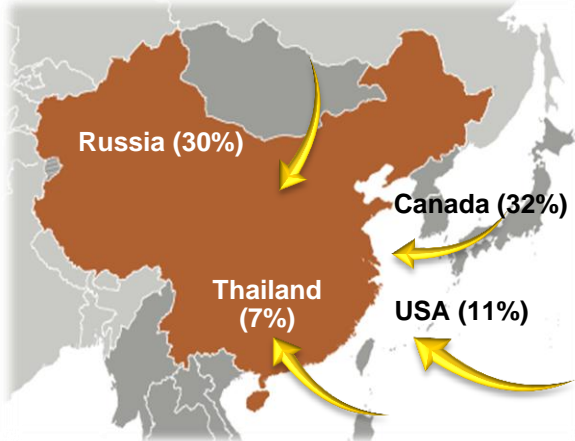


# China Imports - Logs & Lumber (HW & SW)

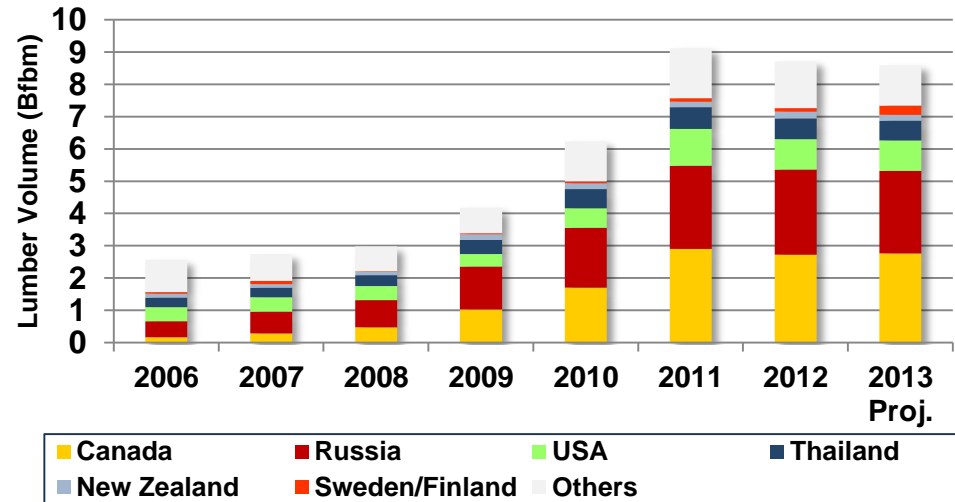


Lumber

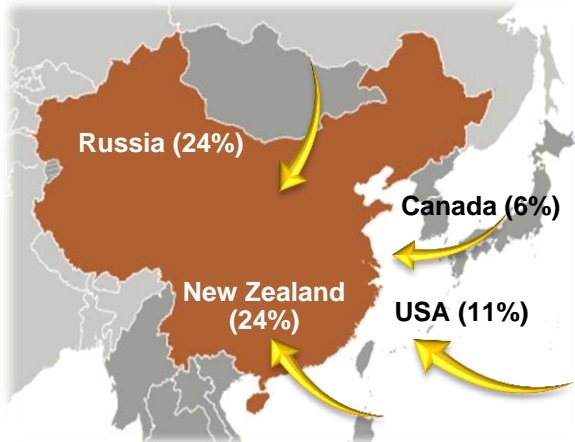
2013 Share by Countries



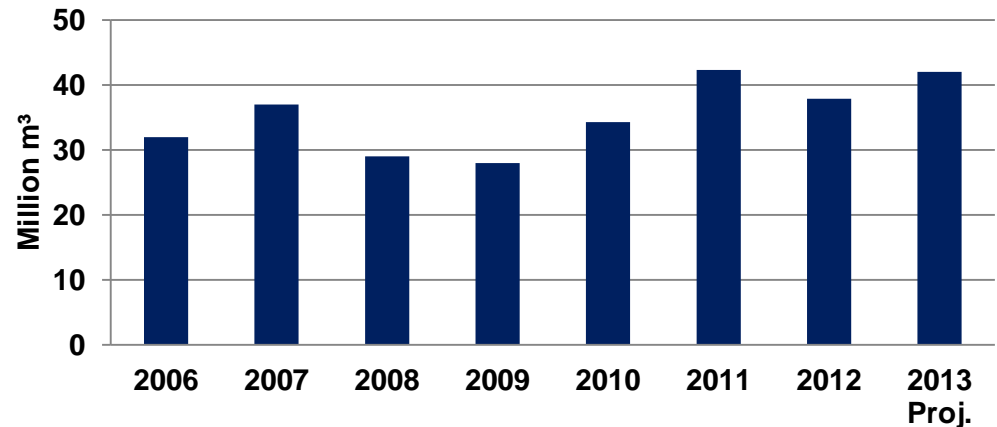
Lumber Imports by Country ~ 8.6 Bfbm



2013 Share by Countries



Log Imports ~ 42 Million m<sup>3</sup>



Source: International Wood Markets Group



# Russian Log Trade Flow into China





# Manzhouli, China





# Japan

# Japan - Third Largest Market for BC



- Canfor has had a strong relationship with Japan for more than 40 years
- Mature, high value market and a strong cultural ties to wood construction
- Widespread recognition of environmental, health, seismic benefits of using wood
- 2x4 market continues to be the backbone of our market
- Hybrid market inroads (in post and beam segment), including commercial and public buildings



2x4 imported from B.C. transformed into panels for Japanese houses

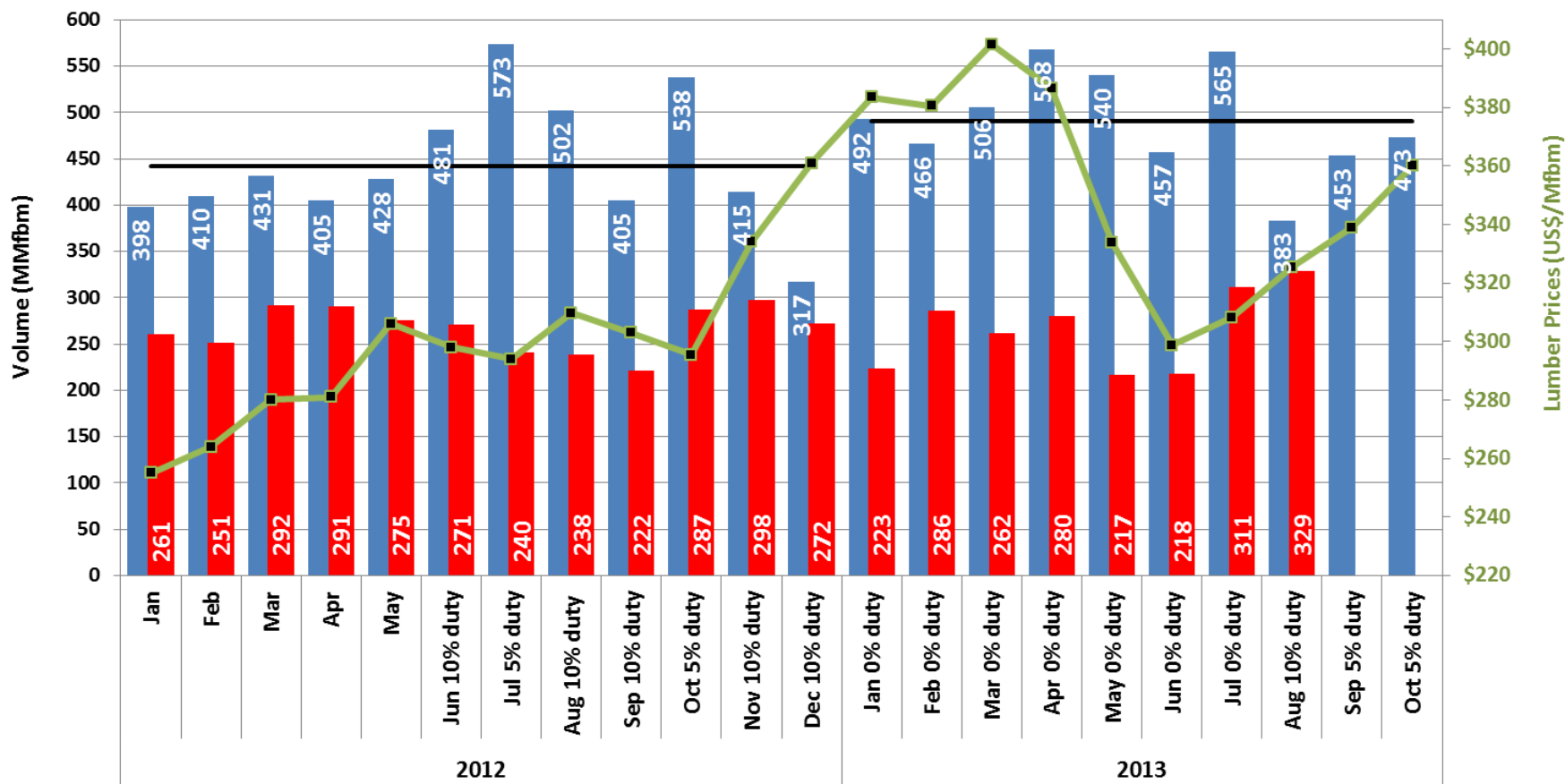
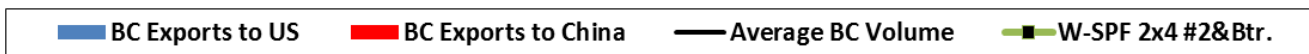
Source: BC Government ([www.flickr.com/photos/bcgovphotos/](http://www.flickr.com/photos/bcgovphotos/))



# BC Shipments to the U.S. and China



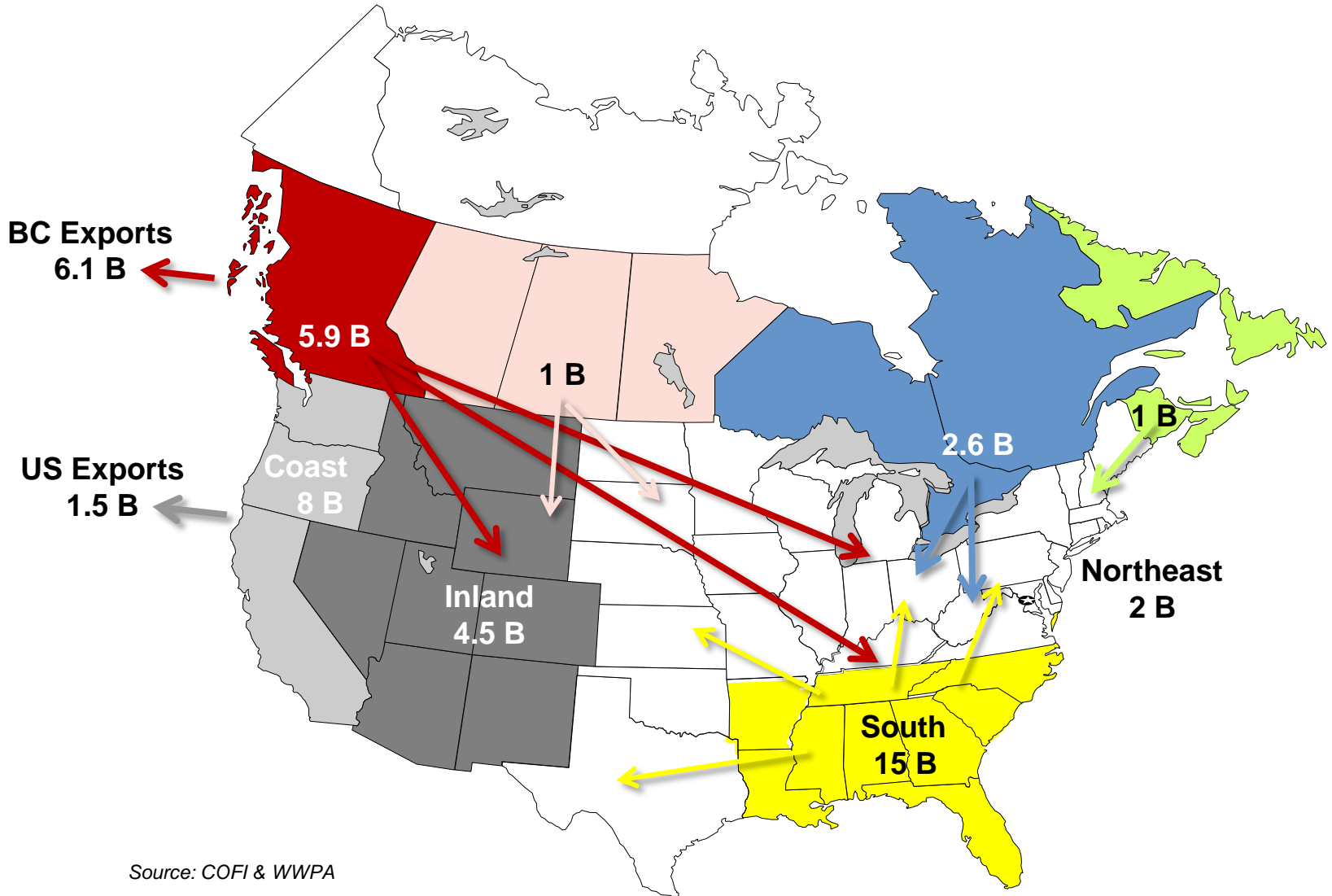
## BC Monthly Shipments to the US



Source: DFAIT, COFI, Random Lengths Publications

# The United States

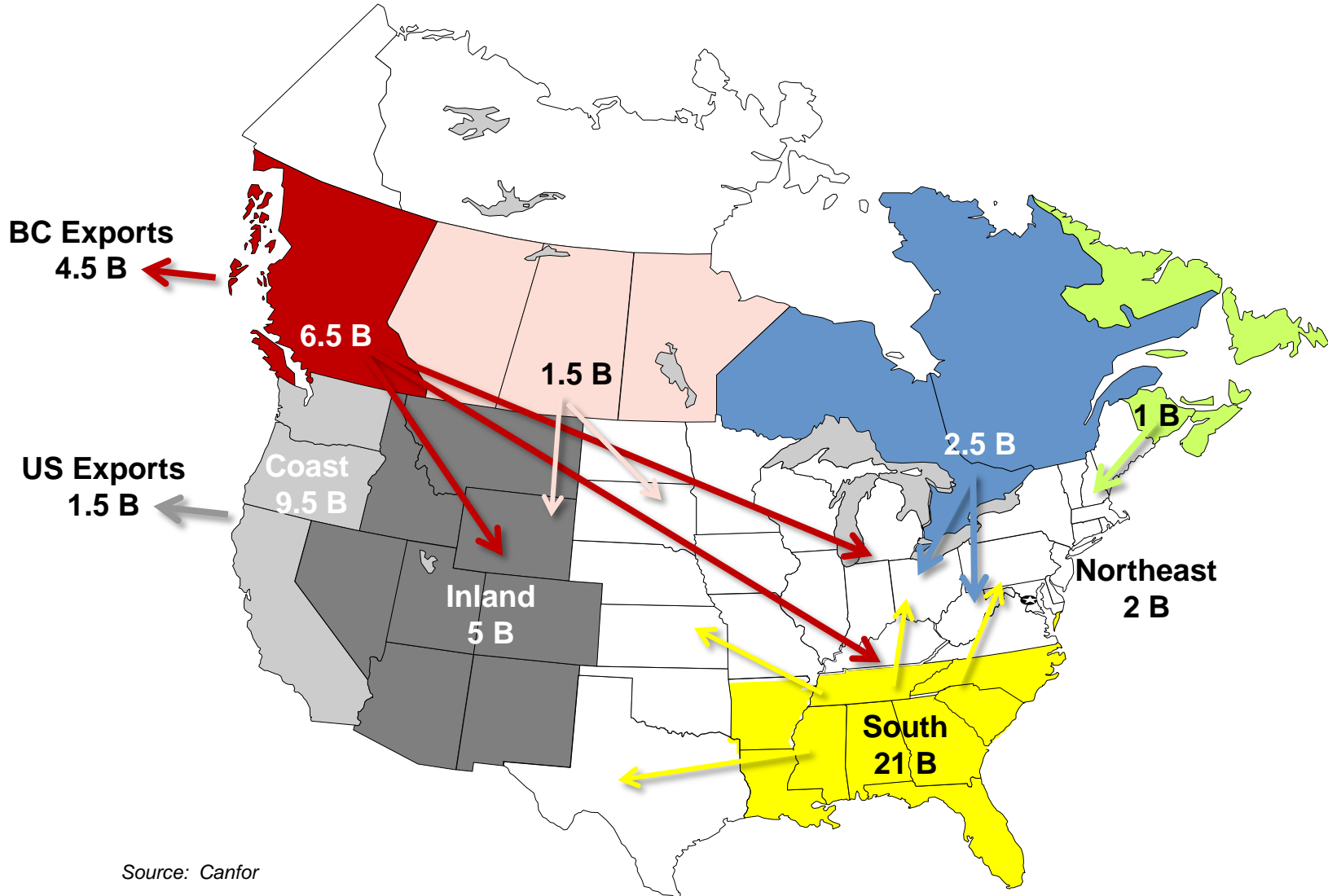
# 2013 Estimate - Canadian Exports to U.S. is 10.5 Bfbm with A Record 6 Bfbm to Offshore



Source: COFI & WWPA



# 2017 - Canadian Exports to U.S. will be 11.5 Bfbm and 4.5 Bfbm to Offshore



Source: Canfor

# W-SPF 2x4 #2 RL – (US\$/Mfbm)



Source: Random Lengths Publications

# Questions

